FINANCIAL TIMES

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Irish vote against divorce a blow to FitzGerald

Irish voters delivered a stunning rebuff to Dr Garret FitzGerald, the Prime Minister, and his Fine Gael-Labour coalition government yesterday when a proposal to drop the country's constitutional ban on divorce was rejected by a heavy majority, writes Hugh Carnegy in Dublin.

With results from Thursday's referendum declared in all but a handful of the 41 constituencies, the margin was 63.5 per cent against amending the constitution to 36.5 per cent in favour. The turnout was 60 per cent.

It was a remarkable defeat as opinion polls had showed a similar margin in favour of divorce at the beginning of the referendum campaign.

The overall turnout was about 53 per cent. There was a majority against in every rural constituency. Even Dublin, which has 30 per cent of the electorate, only five of the 11 constituencies voted in favour.

Dr FitzGerald, in The Hague for the European heads of government meeting, insisted that his position had not been damaged by the result and said he would lead Fine Gael into the next general election, due next year. Ministers said the coalition, already in a parliamentary minority, would carry on with its work.

However, the vote is undoubtedly a blow to Dr FitzGerald's standing. Mr Charles Haughey, leader of the Fianna Fail opposition party which took a neutral stance on the issue, said the vote showed a "grievous lack of judgment" by the Prime Minister. He demanded an immediate election.

Introducing divorce was a key element Dr FitzGerald's overall stance that the predominantly Roman Catholic republic must evolve a pluralist political system to attract Protestant Unionists in Northern Ireland into an all-Ireland state.

Supporters of the amendment, who had shied away from stressing the implications for the North during the campaign, said this approach had clearly been rejected by the republic's voters in favour of bolstering the domination of the Roman Catholic church which campaigned against divorce.

Mr Dick Spring, Deputy Prime Minister and Labour leader, said the vote was evidence of "a partitionist mentality" in the south.

"Certainly it will give people who are against the Anglo-Irish agreement a stick to beat us with but I don't think we should confuse the two issues. I believe we have a responsibility to pursue the Anglo-Irish agreement to tackle the problems of Northern Ireland."

The result will make it more difficult than ever for the British Government to persuade Unionists to join in the Anglo-Irish process.

Recriminations have already begun with senior Labour politicians angrily attacking Fine Gael in private for not campaigning harder.

Crusade that failed to convert the faithful, Page 8

WORLD NEWS

World Court condemns US over Contras

Nicaragua scored a legal and moral victory when the World Court in the Hague ruled yesterday that the US broke international law by backing Contra rebels.

The court supported Nicaraguan claims that Washington had financed anti-government rebels, attacked Nicaraguan territory and mined its harbours. It ordered the US to stop the illegal activities and compensate Managua for economic damage from a trade boycott, the minings and oil installation attacks.

Washington had already said it would ignore the court's rulings. Page 2

Craxi offers to quit

Italian Premier Bettino Craxi handed in his Government's resignation after a parliamentary defeat. President Cossiga reserved his decision on whether to accept it. Back Page

Lisbon PM survives

Portugal's Premier Anibal Cavaco Silva won a vote of confidence, but more confrontation between his minority Government and the opposition is expected. Page 2

Times strike opposed

Times journalists voted by more than two to one, in a low turnout, not to strike over the sacking of six who refused to work at the company's new Wapping plant. Page 7

Home prices jump

First-time buyers have seen the cost of homes in the south-east rise by an average 10.2 per cent in the last three months, the Abbey National building society said. Page 4

Kinnock backs coal

Labour leader Neil Kinnock strongly backed compromise proposals for the development of coal and the gradual phasing out of nuclear power, worked out by party leaders.

Legal aid reform urged

The system of legal aid and advice should be reformed to provide more effective service, a team of civil servants recommended. Page 4

NZ to leave Anzus

New Zealand is to leave the Anzus military alliance after failing to agree with Washington on visits by nuclear vessels. The US and Australia will still work together. Page 3

Ten Tamils killed

Ten Tamil separatists died in a battle with troops at a rebel base in Sri Lanka's Eastern Province, the Colombo Government said.

Envoys park better

Parking offences by drivers who claim diplomatic immunity dropped from 108,000 to below 30,000 last year, after moves to expel persistent offenders, the Foreign Office said.

'Long hot summer'

The hottest place in Britain was Southampton, with 90 degrees, as the heatwave continued. Yorkshire forecaster Bill Foggitt predicted a summer almost as long and hot as 1976's. Weather, Back Page

Dawn Run dies

Irish mare Dawn Run, this year's Cheltenham Gold Cup winner, died when she fell in the Grande Course de Haies d'Auteuil (French Champion Hurdle) near Paris.

Victory for Durie

Jo Durie (UK) beat Nathalie Herreman (France) 6-3, 7-5 in the women's singles at Wimbledon. Men's sixth seed Joakim Nystrom (Sweden) lost 6-7, 6-2, 7-6, 6-4 to Ramesh Krishnan (India).

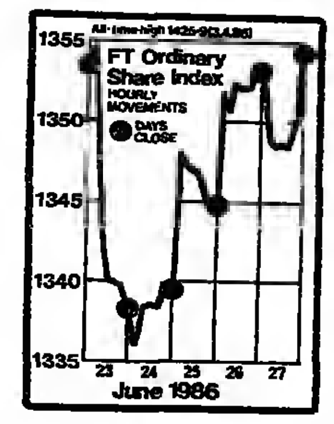
BUSINESS SUMMARY

Halstead receives £407,000

BEECHAM, food, drink and medicines group, has paid a golden handshake of more than £400,000 to Sir Ronald Halstead, who was sacked as chairman last November. Sir Ronald, now deputy chairman of British Steel, is also being paid early retirement benefits of more than £90,000 a year.

Beecham says the £407,386 handshake is "by way of damages for the premature termination of his contract of employment." Back Page

LEADING EQUITIES recovered after earlier business had suffered because of continuing lack of funds and the Bank of England's warning on interest rates.



The FT Ordinary share index improved 1.3 at 1354.4 after a lethargic official market. Page 11

DIXONS, high street electricals group bidding £1.8bn for Woolworth Holdings, said it had received acceptances amounting to more than 20 per cent for its offer. But Robert Fleming Investment Management, holding about 10 per cent of Woolworth, said it had decided to reject the offer. Page 4; Lex, Back Page

EEC officials in Tokyo claimed that Japanese exporters were actively shifting sales to Europe raising fears of another bitter trade dispute. Page 3

US suffered its first monthly deficit on farm trade in 20 years last month as the overall trade deficit surged by more than $2bn (£1.3bn) to $14.2bn. Back Page

THAMES WATER: Union representing white-collar workers in the water industry has won the right to seek a judicial review of preparations for privatisation of Thames Water, the largest water authority. Page 4

WEST GERMAN Government is to sell its stakes in Volkswagen, the car group, and Veba, the energy conglomerate, as part of an abrupt acceleration of its privatisation programme. Back Page

VOLVO, Swedish automotive, energy and food group, is to sell the engineering activities of its newly acquired Sonessons subsidiary to Investment AB Cardo in a deal worth up to SKr 1bn (£93m). Page 11

WESTLAND white-collar staff at the company's main helicopter plant at Yeovil started an overtime ban and work-to-rule after the company proposed linking a pay rise to turnover targets. Page 7

REA BROTHERS, smallest of the UK accepting houses, announced an £8m rights issue and reorganisation following heavy losses sustained by a Dutch associate company. Page 10

WIENERWALD, international catering concern, has been bought by Renate Thyssen, Munich-based businesswoman, for an undisclosed price. Page 11

PANHANDLE EASTERN, natural gas pipeline group, rejected a takeover approach from an unidentified group, believed to be led by T. Boone Pickens. Page 11

EEC delays decision on Pretoria sanctions

BY QUENTIN PEEL IN THE HAGUE AND ROBERT MAUTHNER IN LONDON

LEADERS OF the European Community stepped back yesterday from imposing immediate aelective economic sanctions on South Africa, and decided instead to send Sir Geoffrey Howe, the Foreign Secretary, on another attempted peace mission to the region.

Having failed to resolve their deep differences over the issue of sanctions, they set a three-month deadline after which they will try again to decide the question, if Sir Geoffrey's mission does not succeed.

They did, however, spell out a list of possible measures — a ban on new investment, and on imports of coal, iron, steel and gold coins from South Africa — on which they would try to get a common position with other industrialised countries such as the US and Japan.

The agreement came in for strong criticism from opposition parties in London, and while there was no immediate official reaction from the Commonwealth Secretariat, some Commonwealth officials in London said in private that they were appalled by it.

The aim of Sir Geoffrey's mission will be to promote dialogue and negotiation between the South African Government and leaders of all the racial communities in the country.

He will be calling for two specific actions:

- The unconditional release of Mr Nelson Mandela, the jailed leader of the African National Congress, and other political prisoners;
- The unbanning of the ANC, the Pan Africanist Congress, and other political parties.

The compromise, hammered out in two days of negotiations between the heads of government, foreign ministers, and senior diplomats, was interpreted in different ways by the EEC leaders.

Mrs Margaret Thatcher, the Prime Minister, and Mr Helmut Kohl, the West German Chancellor, stressed that no decision on sanctions had been taken and no ultimatum was being eerved on South Africa.

Mr Ruud Lubbers, the Dutch Prime Minister and chairman of the summit, said on the contrary that all the leaders had agreed that no member state would "rule out economic measures" if the South African Government refused to move towards genuine dialogue.

Mr Uffe Ellemann-Jensen, the Foreign Minister of Denmark, which plans to impose its own total trade ban on South Africa, said: "The 12 are now committed politically to introducing sanctions if the Howe mission is a failure."

The exercise did not, however, appear to have really shifted the position of Britain, West Germany or Portugal, all of which began with sceptical, if not outright hostile attitudes to sanctions.

Mr Kohl said after the talks: "I have not changed by position at all. There are no sanctions decided."

Mrs Thatcher condemned anyone who sought to "put a gloss" on the agreement, insisting that it meant no more than the words in the final communiqué: "In the next three months, the community will enter into consultations with the other industrialised countries on further measures which might be

Continued on Back Page

State of emergency "will only buy time," Page 2
Editorial Comment and Woman in the News, Page 8

Higher Lloyds bid spurned

BY DAVID LASCELLES, BANKING CORRESPONDENT

LLOYDS BANK yesterday increased its bid for Standard Chartered Bank by about £100m to nearly £1.3bn. But Standard continued to resist Britain's largest bank takeover bid, rejecting the offer as "demonstrably inadequate."

Mr Michael McWilliam, Standard's chief executive, said it "totally failed" to recognise the true value of his group.

The improvement in Lloyds' offer, which is final, was in line with City expectations and came only 24 hours before the deadline imposed by the Takeover Code. But the clearing bank accompanied it with a forecast of a 51 per cent rise in after-tax profits in the first half of this year, and a 25 per cent increase in the 1986 dividend.

This helped boost Lloyds shares by 23p to 390p. Otherwise, the offer got a mixed reception in the City. Standard's sharep rice shed early gains to close at 783p, up 5p on the day.

The precise value of Lloyds' bid was a matter of dispute between the two banks because it is based on the worth of securities which Lloyds is offering. Lloyds' formal document valued its basic offer, consisting of convertible preference shares and cash, at 819p per Standard share.

The alternative offer, which has a smaller cash component but includes Lloyds ordinary shares, was valued at 822p. Under the improved terms, Standard shareholders also have more flexibility to choose between shares and cash.

But after the sharp rise in its share price yesterday, Lloyds claimed its bid was worth around 840p per Standard share. Standard's merchant bank advisers, Schroders, said it was worth only 810p to 813p per share.

Sandard's board will meet next week to prepare a letter to shareholders advising them to turn down Lloyds' offer

Standard will also point up the possible delays to the bid due to Lloyd's need to get regulatory approval in the US. Lloyds needs the consent of the US authority because the takeover would give it control of Union Bancorp (California) a Standard Chartered subsidiary.

Lloyds must receive the go-ahead from the Federal Reserve Board, the US central bank, by next Thursday if the US Justice Department is to have the statutory 30 days to consider it before the UK Takeover Code deadline expires on August 2.

The profit forecast produced by Lloyds yesterday made UK banking history: it is the first time a clearing bank has ever given a precise indication of its earnings expectations. The document forecast that in the first six months of this year, pre-tax profits will be £333m (up 26 per cent from £264m in the same period last year). After tax profits will be £213m, up 51 per cent from £141m. Earnings per share will be 40p, up from 27p. The dividend will total 17.5p, up from 14p.

Morgan Grenfell allocations, Page 10
Lex, Back Page

Siebe fails to take over APV

BY DAVID GOODHART

SIEBE, the acquisitive safety producty and engineering company, yesterday fell well short of winning control of APV Holdings, the process engineer, in one of the biggest upsets of the current wave of take-overs.

The £220m bid was expected to be close, but Siebe succeeded in winning acceptances from only 1.2 per cent of APV shareholders.

Siebe will, however, retain a 33 per cent stake in APV consisting of the 27.5 per cent stake built up in the company by Kleinwort Benson, Siebe's merchant bank, and a further 5.5 per cent bought by Siebe. Siebe said last night it would be reviewing its position over the stake, valued last night at about £65m.

One option would be for Siebe to ask for a seat on the APV board but, in view of the hard-fought battle, this would almost certainly be refused.

The bid was seen as one of a series of recent clashes between a fast-moving mini-conglomerate in the shape of Siebe and a well-established engineering company, APV, turning in flat results in recent years but promising it was on the road to recovery.

APV made pre-tax profits of £15.1m on turnover of £409m in 1985. It predicted an 80 per cent leap in pre-tax profits during the bid to at least £27m for 1986. Institutional investors accepted this, in spite of an increase in the value of Siebe's bid from £182m to £220m.

Sir Ronald McIntosh, APV chairman, said yesterday: "By decisively rejecting Siebe's bid, shareholders have shown their confidence in APV's management team and their belief in the company's excellent prospects for sustained growth."

He said institutions were sending a clear message to such companies as APV that, if they had a good improvement record and communicated this effectively, they would be backed.

One company which might take heart from the result is McKechnia Brothers, the Midlands-based engineering and plastics group, which is trying to fend off a £160m bid from another mini-conglomerate, Evered Holdings. McKechie's chance of escape was considered weaker after F. H. Tomkins, another conglomerate, won control of Pegler-Hattersley last week.

Siebe fel 20p to close at 940p yesterday and APV fel 5p to 615p.

Airlines given more freedom

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

A THREE-YEAR experiment to give greater freedom to the European air transport industry to decide some fares and carrying capacity has been agreed by a large majority of the 22 member countries of the European Civil Aviation Conference.

The move was announced yesterday by ECAC, after three days of talks in Paris. It is not supported by the UK or the Netherlands, and is only partially supported by Ireland.

The ECAC plan has two parts. It involves giving limited freedom to airlines to increase capacity (the number of seats) on any given route for three years, subject to review after 18 months.

It also provides for the introduction of discount and "deep discount" fares within prescribed limits, built around "reference prices" that would be based on existing normal economy-class, round-trip rates.

The same ideas were proposed by ECAC a year ago, and were rejected by the British and Dutch as being inadequate and already outdated by their more liberal bilateral agreement. It is because ECAC has not changed its ideas over the past year that the UK and the Netherlands have rejected the scheme again.

The ECAC move will make it harder for the British and Dutch to achieve their goal of greater liberalisation.

Non-EEC countries supporting the ECAC measures include Cyprus, Iceland, Finland, Malta, Sweden, Switzerland, Turkey and Yugoslavia. Community supporters for the ECAC plan include West Germany and France.

The scheme is widely seen in the UK airline industry as an attempt to outflank decisions that might emerge from the EEC Council of Transport Ministers' meeting in Luxembourg on Monday, at which greater competition and cheaper fares will be discussed.

That meeting follows talks in Luxembourg last week, at which air transport liberalisation was due to be discussed, but which were suspended after a row between Mrs Nellie Smit-Kroes, the Dutch chairman of the council, and Mr Stanley Clinton-Davis, the EEC Transport Commissioner.

It has been forecast that there will be little progress at Monday's meeting and that real movement would have to come later this year when the UK holds presidency of the EEC.

The ECAC move is significant in that it widens the debate about liberalisation, bringing into it many European countries which are not EEC members, and have therefore not been involved directly in the row over air transport policies.

Many are as opposed to greater deregulation as some EEC members, remaining content to go along with opponents in the Community to the British and Dutch pressures for more competition.

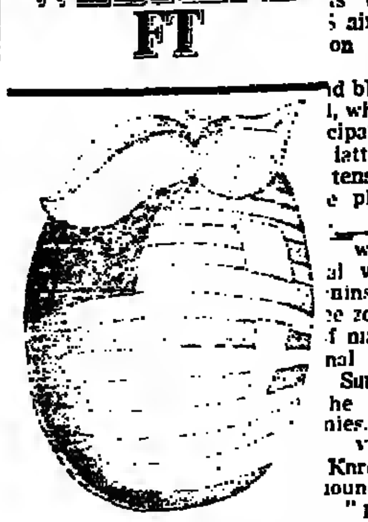
The ECAC decision, however, does not prevent the European Commission from continuing its efforts to promote competition.

The Commission still has the support of the European Court of Justice, which ruled recently that air transport was covered by the Treaty of Rome thereby encouraging the Commission's tougher stand.

Mr Peter Sutherland, the Competition Commissioner, has prepared letters of complaint against non-complying member governments and their airlines, which he is expected to send if Monday's meeting produces no effective results.

The Canadian Government wants to make air licences available to all domestic carriers "fit, willing and able to provide services." The plan is contained in a bill before Parliament for the deregulation of the country's transport system. Page 3

WEEKEND FT



NEW YORK

As America gears itself up for an exuberantly patriotic display for Liberty Weekend, the Weekend FT reports from New York on the mood of the city, the metropolitan lifestyle, the shopping opportunities. Travelling arrangements have improved considerably since the Mayflower arrived: we look at the pleasures of the QE2 and various forms of air travel. Our regular books, arts, gardening, sport and leisure features all have a US flavour. Only the market reports (on pages XXII and XXIII) and the television and radio programmes retain their usual British touch.

MARKETS

DOLLAR
New York lunchtime: DM 2.2040, FFr 7.0315, SFr 1.8070, Y165.45
London: DM 2.20 (2.2215), FFr 7.03 (7.0825), SFr 1.8075 (1.8195), Y165.45 (166)
Dollar index 115.0 (115.5)
Tokyo close Y165.55

US LUNCHTIME RATES
Fed Funds 6⅞%
3-month Treasury Bills: yield: 6.29%
Long Bond: 99⅜ yield: 7.29%

GOLD
New York: Comex August latest $345.9
London: $344.0 ($345)

STERLING
New York lunchtime: $1.5290
London: $1.5295 (1.5195), DM 3.3725 (3.3750), FFr 10.7525 (10.7625), SFr 2.7650 (2.7650), Y253 (252.25)
Sterling index 76.2 (76.0)

LONDON MONEY
3-month interbank: closing rate 9⅝% (9⅝)

NORTH SEA OIL
Brent 15-day July $11.65 ($11.475)

STOCK INDICES
FT Ord 1,354.4 (+1.3)
FT-A All Share 808.78 (+0.28%)
FT-SE 100 1,639.1 (+1.6)
FT-A long gilt yield index: High coupon 9.34 (10.58)
New York lunchtime: DJ Ind Av 1,885.12 (+4.92)
Tokyo: Nikkei 17,500.43

Chief price changes yesterday, Back Page

CONTINENTAL SELLING PRICES: Austria Sch 20; Belgium BFr 45; Denmark DKr 8; France 6.00; W Germany DM 2.20; Ireland 60p; Italy L1,500; Malta 30c; Netherlands Fl 2.75; Norway NKr 7.00; Portugal Esc 90; Spain Pta 125; Sweden SKr 7.00; Switzerland Fr 2.20

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Craxi's skilful tightrope act comes to a sudden end

Mr De Mita: sparring

BY JAMES BUXTON IN ROME

"EVERY SINGLE time this Government faces a parliamentary vote, it's taking a chance," said one of the Craxi Government parliamentary managers a few weeks ago.

The reason is that a five-party coalition, headed by the leader of its second largest party, is not a fundamentally stable institution — especially when one remembers that unique among the world's parliaments, the Italian one gives its members the luxury of a secret ballot on even humdrum pieces of legislation.

It is quite possible for disgruntled MPs, usually but not exclusively from the large Christian Democrat Party, to ally themselves clandestinely with the Communist opposition to cause the Government to be defeated. It has happened dozens of times since the administration of Mr Bettino Craxi came to power in August, 1983.

But the defeat the Craxi Government suffered on Thursday night comes into a completely different category. Immediately beforehand the Government had won a vote of confidence by 338 votes to 230. That vote had been called to help ensure that it was able to push through legislation on local government finance. Victory in the confidence vote was virtually assured since such votes are taken on a public roll call basis.

Four minutes after the success in the confidence vote, the finance measure was put to a secret ballot. The result was 293 votes against the Government and 266 in favour.

Some 70 MPs had simply changed sides. The confidence vote was, in effect, annulled. There could have been no clearer demonstration that the Government no longer had a majority.

In the most recent comparable incident, when the Christian Democrat-led Government of Mr Francesco Cossiga was defeated minutes after winning a confidence vote in September, 1980, it lost by only one vote — and the number of MPs who changed sides was "only" about 30. Mr Cossiga immediately handed in his resignation. He is now President of the Republic.

The Craxi Government has always been an anomaly, its existence based on the fact that, so long as the opposition Communist Party, with 30 per cent of the vote, was excluded from power, the Christian Democrats with 33 per cent had to have the Socialists' 11 per cent in order to govern.

Mr Craxi has survived up till now, thanks to this crucial fact as well as to his own exceptional political skills and to the implicit threat to the Christian Democrats that, if they were not careful, Mr Craxi would contrive to have general elections in which they might do badly.

Mr Craxi voiced this threat several times in mid-June, during sparring with Mr Ciriaco De Mita, the Christian Democrat leader, in the campaign for the regional elections in Sicily. Mr De Mita was trying to hold Mr Craxi to a vague commitment he gave in April to step down in favour of a Christian Democrat around the end of this year.

Mr Craxi even let it be known that he expected his party's share of the vote to go up substantially in the Sicilian elections. He hoped to gain two or three percentage points more than the 15.1 per cent the party won there in last summer's provincial elections. This would have been a pointer to what could have been expected in a general election.

In fact, the Socialist party's vote declined by 0.1 per cent in last Sunday's poll. The Christian Democrats' share of the vote went up by nearly a full percentage point to 38.5 per cent. Even though that meant a drop compared with the 1981 regional elections, the Christian Democrats were considered the victors. Mr Craxi had been rebuffed.

Mr Craxi: rebuffed

State of emergency will only buy time, says Buthelezi

BY ANTHONY ROBINSON IN JOHANNESBURG

CHIEF Gatsha Buthelezi, leader of 6m Zulus, the largest black tribe in South Africa, yesterday criticised the state of emergency which he said "might create the illusion of peace but in no way addressed the root causes of the country's problems and in fact made them worse."

Addressing the annual general meeting of the South African Tourism and Safari Association, Chief Buthelezi added that at best, the emergency might buy time but that as sanctions were imposed and started to hurt, it would become clear that this time had been bought at a high price.

He urged South Africans not to repeat what he called "the Rhodesian mistake." President P. W. Botha's July 12 speech announcing the state of emergency contained "ominous hints of a creeping unilateral declaration of independence, and the same acceptance of sanctions and the introduction of censorship to bide, not change, the reality."

Down such a road lay the same senseless waste of lives, goodwill, resources and opportunities, he added.

It was an illusion to suggest that South Africa could return to stability and economic growth without getting rid of apartheid and without substantial political change.

He listed five vital elements for change. These must include:

● A plan to remove all discriminatory legislation;
● Scrapping the tri-cameral parliament;
● Release of political leaders and the unbanning of political organisations;
● The drawing-up of a new constitution by the leaders of all significant groupings;
● Free and fair elections with all citizens participating.

The alternative scenario, he said, was for the white-dominated tri-cameral parliament to cling to power, while violence and sanctions became a part of everyday life, with the security forces playing an increasing role in suppressing black anger until power was finally seized by a Marxist-orientated government.

On Sunday, Chief Buthelezi, a devout Anglican, plans to address a "prayer meeting for peace and unity" in Jabulani Stadium in Soweto — the first time he has ventured out of his KwaZulu/Natal stronghold to address a mass meeting in Soweto since November 1984.

Earlier this week, a bomb blast damaged part of the stadium.

Meanwhile, the Bureau for Information reported that a further six people died in "unrest" incidents over the past 24 hours, bringing the official death toll since the emergency was declared on June 12 up to 72.

The police also announced the arrest of four suspected African National Congress (ANC) members in Durban. They are being held under Section 29 of the internal security laws in connection with recent bomb blasts in the Durban area.

Three other alleged ANC activists were charged with high treason in the Johannesburg magistrates' court yesterday.

They are accused of returning from training abroad to shoot down air force aircraft with missiles, and of planning sabotage operations against civilian and military targets.

Meanwhile, the Government has awarded a rand 10.6m contract for the laying out of site-and-service facilities in land cleared near Crossroads squatter camp, after weeks of heavy fighting led to the destruction of thousands of shanties and made up to 80,000 people homeless.

Government officials said hundreds of homeless are now daily streaming into the Khayelitsha facilities, which the government has made clear is their only refuge following their expulsion from emergency camps, churches, mosques and private homes.

Free Mandela, Pretoria urged

Following is the partial text of the European Council's statement on South Africa:

1—The European Council is gravely concerned about the rapid deterioration of the situation and the increasing levels of violence in South Africa. The European Council believes that the present policies of the South African government can only lead to increasing repression, polarisation and bloodshed.

2—To support the process of non-violent change in South Africa and to emphasise their deep concern about the recent course of events, the Heads of State and Government have decided to take additional action.

3—The European Council has agreed on an increase in financial and material assistance to the victims of apartheid, in particular those affected by the disturbances in Crossroads and to political prisoners, including those arrested in connection with the recent re-imposition of the State of Emergency.

4—The European Council is convinced that the commencement without delay of a national dialogue with the authentic leaders of the black population is essential to halt a further escalation of violence and allow negotiations leading to a truly democratic and non-racial South Africa.

This dialogue cannot take place as long as recognised leaders of the Black community are detained and their organisations are proscribed.

In this context, the European Council calls on the South African Government:

● Unconditionally to release Nelson Mandela and other political prisoners;
● To lift the ban on the African National Congress, the Pan Africanist Congress of Azania, and other political parties.

5—Meantime, in the next three months, the Community will enter into consultations with the other industrialised countries on further measures which might be needed—covering in particular a ban on new investments, the import of coal, iron, steel and gold coins from South Africa.

6—The European Council decided to ask the future UK Presidency Foreign Minister to visit southern Africa, in a further effort to establish conditions in which the necessary dialogue can commence.

Mr Denis Healey, the British Labour Party's shadow foreign secretary (pictured left), said at the end of his four-day visit to South Africa that the country had become more of a police state since his last visit in 1970 and that the Government seemed "intent on detaining every element of rational leadership among blacks." He had been told by black leaders that they would not speak to Sir Geoffrey Howe, the UK Foreign Secretary, if he made his expected visit, because they viewed it as a delaying tactic.

He had been struck by "the depth of disgust" shown by black people against Mrs Thatcher which, he said, would be deepened further as she showed "the same graceless obstinacy at the EEC meeting in The Hague as she showed at the Commonwealth summit in Nassau."

His fear was that Mrs Thatcher would "eventually be dragged kicking and screaming into inadequate sanctions which create the worst of both worlds by not shifting the opinions of Pretoria but still cause damage to the economy."

White businessmen he met had not challenged his overall analysis of the situation but differed over whether sanctions would help bring about meaningful change without having any alternative measures to propose. Mr Healey said his view was that "well directed measures against sensitive sectors would have an effect."

Mr Healey did not meet any government leaders or officials following their refusal to grant him a meeting with Mr Nelson Mandela, the jailed African National Congress leader. Neither did he meet Chief Gatsba Buthelezi

EEC sanctions leave gold unscathed but may hurt steel and coal

BY STEFAN WAGSTYL, CHRISTOPHER PARKES AND MAURICE SAMUELSON

THE EEC'S threat to ban imports of South African gold coins will have little or no effect on the country's gold mining industry.

South Africa has in the past year stopped minting the Krugerrand, its best-selling coin, following a slump in sales after the US, Japan and the UK imposed import bans. Gold producers, who used the Krugerrand to spearhead a hugely successful marketing campaign, have switched to more discreet forms of promotion. They are minting a new coin—the Protea—but this is a limited edition coin struck to mark the centenary of Johannesburg and to be sold at a 30 per cent premium to the gold price, mainly within South Africa.

At its peak in 1978, the Krugerrand accounted for some 27 per cent of South Africa's gold production, but even before import bans were imposed its significance was declining as a dull gold price discouraged private investors from buying coins. By 1984 the proportion of South African gold turned into coins had fallen to 11 per cent.

The Canadian Maple Leaf coin has replaced the Krugerrand as the market leader in the bullion coin market, which was worth more than $1.1bn last year. Other producers are also on the attack — the US and Australia plan to launch gold coins in the autumn.

The Krugerrand's demise has hardly hurt the South African gold mining companies, which last year made record profits. They continue to mine and sell gold to the world, including the EEC, without hindrance. Gold last year accounted for 46 per cent of South Africa's total exports of $16bn. The only loss to the country from the decline of Krugerrand sales is the 3 per cent premium which the coin used to carry over the gold price. But declining interest from investors has in any case cut this premium to zero.

Loss of access to the European Community steel market could cost South Africa between £80m and £100m a year in export earnings, according to industry estimates.

Latest figures available show that the EEC imported 39.5m tonnes of steel in 1984, with only 300,000 tonnes coming from South Africa. Britain took 53,600 tonnes of the total, worth £13m, and consisting mainly of non-specialist products such as heavy sections and hot-rolled coil.

The republic also exports 12m tonnes of iron ore each year—about half its production—with a large proportion going to the EEC. However, it was unclear yesterday whether the suggested embargo would affect this trade.

South Africa also sells 500,000 tonnes of finished steel to North America, 400,000 tonnes to the Middle East and about the same quantity to other African countries.

An effective coal boycott by Western Europe could seriously hit one of South Africa's fastest growing export industries and trigger off the largest disruption ever experienced in the relatively new world coal market.

However, with South Africa's coal already trading at up to $7 a tonne cheaper than that of its main competitors, the effect of a European boycott could be largely neutralised if, as already seems to be happening, South Africa succeeds in shifting its European sales to the Far East.

It would largely displace supplies from Australia, the world's biggest exporter, which would then seek to move into the European market lost by the South Africans.

Nearly a third of the coal imported into Western Europe originates in South Africa, for whom this trade accounts for two-thirds of her total steam coal exports.

Gemayel warns West against compromise with terrorists

PRESIDENT Amin Gemayel of Lebanon said in an interview yesterday that the West should not compromise with terrorists or offer them rewards.

His comments were a veiled rebuke to France's approach in securing the release of two hostages kidnapped by Iranian-linked Moslem extremists in Lebanon. Mr Gemayel urged all major powers to support Lebanon so it can help eliminate terrorism which has flourished like a disease as a result of the weakening of the state.

"Let them help me so I can help them. I don't think that compromises in dealing with terrorists or the evacuation of foreigners from Lebanon could solve the problem. Terrorism can follow them anywhere and to airports all over the world." He said in an interview with the Financial Times and the Washington Post.

"When you offer a reward to a terrorist you are encouraging him to do the same thing all over again." Mr Gemayel said in apparent criticism of France for bowing to Iranian pressure as a way out of the hostage crisis.

Mr Gemayel, just back from a tour of Gulf states, appears to have weathered a Syrian-sponsored campaign to unseat him and calls for his resignation by his own Prime Minister.

In the absence of a rival or an attractive alternative to militia rule, the 44-year-old Lebanese President has managed to stay at the helm as one of the last symbols of Lebanese legality. The Government's refusal to meet with him following his resistance to a Syrian-engineered militia accord, however, has compounded Lebanon's financial worries.

Despite frustration at his present incapacity to govern or influence conditions on the ground, Mr Gemayel made it plain that he had no intention of stepping down. He is hoping that a general disenchantment with uncontrolled chaos, brought on by militia groups challenging his authority, will tip the balance in his favour.

The Lebanese currency has been devalued by 50 per cent against the US dollar since last year, the price of basic foods has quadrupled and the difficulties of crossing from one sector of the Lebanese capital to another have paralysed economic activity.

Opposition leaders have tried to blame Mr Gemayel for the country's economic woes and have made an issue of military spending for US-supplied Lebanese army equipment approved at least six years ago. "Everything is an issue, even my hair is an issue," Mr Gemayel said, a reference to jokes about his shiny black mane.

Nora Boustany in Beirut interviews the Lebanese President who handed a veiled rebuke to France for bowing to Iranian pressure as a way out of the hostage crisis

"Of course I am responsible for the Lebanese people. But you cannot separate the economic crisis and the political situation. The economic conditions are very bad now because of the cumulative effect of 12 years of war. The effect is on a sick country is more devastating and more painful to endure," Mr Kemayel said.

He said his intuition told him that his rivals and opponents will be compelled to come back to the negotiating table. "This socio-economic war will give people something to think about; and if dialogue does not resume, all militia leaders will be swept away."

Mr Gemayel has not spoken to Mr Nabih Berri, the Shi'ite leader, or Mr Walid Jumblatt, the Druze chieftain, both cabinet members, for over six months. "I would have liked to collaborate with them. Unfortunately, they are under pressure and they refuse to recognise the need to back Lebanon's legal authority. They are now paying the price and I am paying the price with them."

Following a meeting of Moslem political and religious leaders in Damascus on June 13 under Mr Abdel Halim Khaddam, the Syrian vice president, the Prime Minister, Mr Rashid Karami called on Mr Gemayel as well as his own Government to resign.

However, the President brushed aside scenarios for military coups or plans to storm West Beirut. "My task is to keep the country alive. It is very important not to push the country over the cliff."

Congress rejects Reagan's budget priorities for 1987

BY STEWART FLEMING IN WASHINGTON

CONGRESS has rejected President Ronald Reagan's fiscal priorities by approving in the early hours of yesterday morning a budget resolution which claims to meet the $144bn (£96bn) deficit target for 1987, but does so by drastically cutting the President's defence spending request and ignoring almost all his proposals for eliminating government spending schemes.

Approval of the budget resolution, which is already two months late, sets the stage for the battle over fiscal priorities to begin in earnest in the authorising and appropriating committees on Capitol Hill, where the detailed spending decisions are made. The budget resolution itself is not a legislative vehicle requiring presidential signature but a guide and, in principle, a disciplining force, for Congress in the budget process.

President Reagan gave the congressional decision a grudging welcome, describing it as "acceptable." On Capitol Hill, too, there was little enthusiasm for the budget resolution.

World Court condemns US over Contras

BY LAURA RAUN IN THE HAGUE

NICARAGUA scored a legal and moral victory yesterday when the World Court ruled overwhelmingly that the US had broken international law by supporting Contra rebels in a bid to topple the Sandinista Government.

The court ruled 12-3 in a series of decisions upholding Nicaragua's claims that Washington has financed Contra forces seeking the overthrow of President Daniel Ortega, attacked Nicaraguan territory and mined its harbours. The US was also ordered immediately to halt its illegal activities, and to compensate Managua for economic damages resulting from a trade boycott, the harbour mines and oil installation attacks.

The decisive ruling is viewed as a moral triumph more than a legal victory since Washington refused to recognise the court's jurisdiction in the case when it was filed in April 1984. The court is unable to enforce its ruling.

Last year Washington withdrew entirely from the case, prompting sharp criticism from allies and raising questions of legal compliance only when it suits the self interest of countries involved. The US has argued that the issue should be settled in the UN or the Contadora process, which is a peace initiative of four Central and South American countries.

It seems highly unlikely that Washington will stop its financial aid to the Contras or meet Managua's demand for compensation. The US House of Representatives just approved a fresh aid package of $100m for the Contra rebels in a vote that was a sharp reversal of an earlier one and a clear victory for President Ronald Reagan. The decision against the US was expected, based on a provisional order that Washington halt its military agression against Nicaragua.

Father Miguel D'Escoto Brockmann, the Foreign Minister, and court agent for Nicaragua hailed the decision in an eloquent statement that had been printed in anticipation of a favourable ruling.

"Today the International Court of Justice firmly and unequivocably condemned the illegal behaviour of the government of the United States while clearly upholding the right to peace and self-determination of Nicaragua, one of the smallest and most impoverished of nations," he said.

Father D'Escoto brushed aside worries over Washington's willingness to abide by the decision and noted that he was leaving yesterday for New York to discuss the decision with the UN Security Council

The only judge to dissent on 15 of the 16 decisions was Mr Stephen Schwebel of the US,

Portuguese PM wins vote

PORTUGAL's Social Democrat Prime Minister, Mr Anibal Cavaco Silva, strengthened his fragile hold on office yesterday by winning a vote of confidence Peter Wise reports.

But the victory was unlikely to avert further confrontations between his eight-month-old minority Government and the opposition.

The Prime Minister tabled the motion as a challenge to opposition parties on the left and centre who, he claimed, were subverting the Government's programme in parliament but "lacked the courage" to face an early election.

The Social Democrats, who hold only 88 of the 250 parliamentary seats, counted on the votes of the small Christian Democrats and the abstention of the centrist Democratic Renewal Party (PRD) to carry the two-day debate by a margin of 15 votes against the opposition of the Socialists and the Communists.

The Socialists opened a three-day congress yesterday that will almost certainly elect Mr Vitor Constancio, the former Governor of the Bank of Portugal, to succeed the party's veteran leader and founder, Mr Mario Soares, who left the party when he was sworn in as president in March.

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Japan and EEC head for new trade dispute

BY CARLA RAPOPORT IN TOKYO

JAPAN and the EEC look set for another bitter trade row as exports from Japan to Europe continue to climb.

EEC officials in Tokyo yesterday claimed that Japanese exporters are actively shifting sales to Europe, where the appreciation of the yen against local currencies has not been as marked as its appreciation against the dollar.

"We are facing a fairly important trade diversion from the US to Europe at the moment. It is suddenly more attractive to sell in Europe," said Mr Laurens Brinkhorst, head of the EEC delegation in Tokyo yesterday.

In the first five months of this year, exports from Japan to the EEC countries have increased by 53 per cent in dollar terms and 28 per cent by volume over the same period last year. Exports to the US in the January-May period went up by 3 per cent by volume.

In certain areas, exports to the EEC are showing remarkable growth — unit sales of passenger cars were up by 103 per cent in the first five months of this year and office machinery by 61 per cent.

Mr Brinkhorst said that the issue will be taken up at high-level EEC-Japan trade talks due to be held from July 7 to 9 in Brussels.

EEC officials, he said, will be pressing the Japanese on three major points — import promotion, export restraint in some areas, and positive steps toward a restructuring of the Japanese economy toward domestic-led growth as recommended by the recent Maekawa Report.

The increased exports to Europe, according to Mr Brinkhorst, represents a "spectacular change" in EEC-Japan trade. Total trade between Japan and the EEC was nearly $17bn (£11.3bn) in the first five months of this year, with 70 per cent of it from Japan to Europe.

JAPANESE EXPORTS TO THE EEC
January—May (units)

Category	Volume increase over Jan-May 1985 %
Passenger cars	103
Metal working machinery	113
Telecommunications equipment	67
Mechanical handling equipment	61
Office machinery	61

Source: Japanese Government Statistics

Japanese imports from Europe also rose significantly in the period, by 34.6 per cent, to nearly $5bn. However, Mr Brinkhorst pointed out that imports of gold from South Africa through Europe had helped to inflate the EEC-Japan import figure this year.

The Ministry for International Trade and Industry recently cautioned Japanese car makers about the level of exports to Europe, asking for voluntary restraints.

Most car makers, accepting the problem as a political one, say they are increasing prices of their cars and expect growth to level off in the second half of the year.

The yen's appreciation against the dollar in the past year has been more than 35 per cent, while its appreciation against the Ecu has been just 15 per cent.

EEC officials say that Japanese exporters have reduced their yen prices by about 15 per cent worldwide since their currency started gaining value.

In the US, a 15 per cent price cut in yen terms means a loss of about 20 per cent because of the weaker value of the dollar. But in Europe, a 15 per cent cut is merely in line with the appreciation of the currency.

Papandreou warning on Turkey to Hague summit

BY QUENTIN PEEL IN THE HAGUE

MR Andreas Papandreou, the Greek Prime Minister, served notice on his fellow EEC leaders at their summit in the Hague of his Government's determination to set conditions on the normalisation of relations between Turkey and the Community.

He warned that any action by Turkey to extend the area it occupies in Cyprus would mean war between the two countries—by far his strongest statement on the subject.

He also demanded Turkish action to grant equal rights to its citizens of Greek origin and to restore property rights to Greeks living in Istanbul, before Greece would allow Turkey's association agreement with the EEC to be extended to his country.

Mr Papandreou told the other Community leaders that he did not intend to block the holding of an association council with Turkey in September, but he said he would be seeking an exemption for Greece from any measures to allow Turkish workers freer access to jobs.

European leaders goad ministers to action

By Paul Cheeseright in The Hague

EUROPEAN COMMUNITY leaders yesterday gave a fresh plush to the far-reaching plan of creating a Europe without trade barriers by 1992. But they remain troubled by the laborious quality of the technical discussions leading to individual decisions.

"Although the decision-making process has speeded up during the first half of 1986, it is still necessary to improve it substantially if the objectives fixed for the current year are to be attained and if the final objective is to be achieved," they said in a communiqué.

They offered no new techniques of decision-making, however, contenting themselves with instructions to ministers simply to get a move on. They addressed transport ministers most harshly, in a communiqué passage which might have been written by the Dutch and British Governments.

"With regard to air transport, the Council of Ministers should without delay adopt the appropriate decisions on —air tariffs, capacity, and access to markets. In accordance with the rules of competition of the Treaty (of Rome)," the leaders instructed.

In the event of failure by the outgoing Dutch presidency of the Community to bring this about next Monday, the responsibility for guiding the Twelve to decision will fall to the UK, the incoming president.

Priorities for action spelt out in the communique in order to reach the 1992 target included the removal of fiscal barriers at frontiers and liberalisation of the manner in which public contracts are awarded.

At the same time "prospects for steady growth will be enhanced by the creation of a truly free capital market," according to the communique. It therefore told finance ministers to treat as a priority recent proposals from the European Commission for the complete liberalisation of capital markets.

In more general terms, the Community leaders warned that "present levels of economic performance and investment are by themselves unlikely to permit further substantial reductions in unemployment." Community action than want to create more jobs include:

- examining the scope for easier access to risk capital;
- lifting the regulatory burden of legislation;
- a strategy to be worked out between employers on unions to encourage flexible employment patterns;
- simpler tax regulations for small businesses.

Canada plans transport change

BY BERNARD SIMON IN TORONTO

THE CANADIAN Government has proposed a sweeping but gradual deregulation of the country's transport system in a bill tabled in parliament.

If passed, the measures will give airlines, trucking companies and railways extensive freedom to choose routes, set timetables and establish rates. Mr Don Mazankowski, the Transport Minister, said the new rules are designed to allow free-market forces to dictate transport costs and services without jeopardising safety, Canadian control of the industry or the maintenance of services to remote northern communities.

The bill contains several safeguards designed to prevent a repetition of the less desirable consequences of deregulation in the US. In an effort to avoid concentration of power in a few hands, a supervisory body, the National Transportation Agency, will have the power to veto any acquisition in the transport sector involving more than 10 per cent of a company's shares and assets or annual sales exceeding C$20m (£9.6m).

Railways will be allowed to conclude confidential contracts with shippers at rates below published tariffs. But Canada's two main railway operators, Canadian National and Canadian Pacific, will have to allow competitors to use their tracks. Easier entry into the road transport business will be phased in over the next three years.

Air licences on main routes will be available to all domestic carriers "fit, willing and able" to provide services. But services in northern Canada will remain subject to a "necessity" test. The agency will be empowered to disallow air fares viewed as predatory.

The bill is partly a response to deregulation in the US, where lower air fares and rail and trucking rates have in many cases made it cheaper for Canadian shippers to use US services than domestic ones.

Deregulation is expected to be a major challenge to the country's state-owned airline Air Canada, which at present enjoys a monopoly or near-monopoly on many routes.

BASE LENDING RATES

	%		%
ABN Bank	10	First Nat. Fin. Corp.	11
Allied Dunbar & Co	10	First Nat. Sec. Ltd	11
Allied Irish Bank	10	● Robert Fleming & Co	10
American Express Bk.	10	Robert Fraser & Ptrs	11
Amro Bank	10	Grindlays Bank	‡10
Henry Ansbacher	10	● Guinness Mahon	10
Associates Cap Corp	10	● Hambros Bank	10
Banco de Bilbao	10	Heritable & Gen. Trust	10
Bank Hapoalim	10	● Hill Samuel	§10
Bank Leumi (UK)	10	C. Hoare & Co	‡10
Bank Credit & Comm	10	Hongkong & Shanghai	10
Bank of Cyprus	10	Knowsley & Co. Ltd	10½
Bank of Ireland	10	Lloyds Bank	10
Bank of India	10	● Edward Manson & Co	11
Bank of Scotland	10	Mase Westpac Ltd	10
Banque Belge Ltd	10	Meghraj & Sons Ltd	10
Barclays Bank	10	Midland Bank	10
Beneficial Trust Ltd	11	● Morgan Grenfell	10
Brit. Bk. of Mid. East	10	Mount Credit Corp. Ltd	10
● Brown Shipley	10	National Bk. of Kuwait	10
CL Bank Nederland	10	National Girobank	10
Canada Permanent	10	National Westminster	10
Cayzer Ltd	10	Northern Bank Ltd	10
Cedar Holdings	11	Norwich Gen. Trust	10
● Charterhouse Bank	10	PK Finans. Intl (UK)	11
Citibank NA	10	Provincial Trust Ltd	11
Citibank Savings	¶10.75	R. Raphael & Sons	10
City Merchants Bank	10	Roxburghe Guarantee	10
Clydesdale Bank	10	Royal Bank of Scotland	10
Comm. Bk. N. East	10	Royal Trust Co. Canada	10
Consolidated Credits	10	Standard Chartered	10
Continental Trust Ltd	10	Trustee Savings Bank	10
Co-operative Bank	*10	United Bank of Kuwait	10
The Cyprus Popular Bk	10	United Mizrahi Bank	10
Duncan Lawrie	10	Westpac Banking Corp	10
E. T. Trust	11	Whiteaway Laidlaw	10½
Exeter Trust Ltd	10½	Yorkshire Bank	10
Financial & Gen. Sec	10		

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Pyongyang has until June 30 to decide which path to follow, **Steven B. Butler** writes

Olympic offer puts N. Korea at crossroads

NORTH KOREA is facing a stark decision which will have a critical impact on its external relations for many years. By next Monday, Pyongyang must decide whether to accept an offer from the International Olympic Committee (IOC) to hold several events of the 1988 Olympic Games, which will be hosted by South Korea.

If it accepts, North Korea will be thrust inevitably on a path which will open its borders increasingly to the world and which will force it to co-operate closely with the South. If it rejects the offer, it will surely be pushed hard in the opposite direction, becoming more isolated, belligerent, and unpredictable.

It is not an easy choice. The Olympic question is forcing North Korea to respond directly to the fact that its enemy South Korea is growing more prominent internationally and has become widely accepted as a legitimate government, even among Pyongyang's Communist and non-aligned allies.

North Korea first raised the idea last year of co-hosting the Olympics, four years after Seoul had signed a contract with the IOC. It was a plainly unworkable notion, if only on practical grounds: stadiums had been built and contracts signed. Both Seoul and the IOC refused.

However, the Olympic Committee did host sports talks between the two countries in an attempt to bridge the gap and to prevent North Korea from *trying to organise yet* another boycott of the games.

Moscow gave lip-service to Pyongyang's proposal, but a meeting of Communist sports ministers in Hanoi last November gave it scant support. Some ministers even criticised North Korea for not making its move years earlier if it were serious.

The main stadium of the Seoul sports complex, already built when North Korea raised a proposal to co-host the 1988 Olympics

Early this month Mr Juan Antonio Samaranch, the IOC president, made what he called a "final" offer. North Korea could host table tennis and archery, as well as the football preliminaries. The long-distance cycling even could start in the North and finish in the South. But North Korea would be required to admit freely thousands of athletes, sports officials and journalists.

If Pyongyang rejects the offer, it will be a slap in the face not only for Seoul, which is almost certain to accept, and the IOC, but also for the Soviet Union. Diplomats say Moscow has been closely involved in behind-the-scenes negotiations on a compromise, and clearly wants North Korea to accept it so that full participation in the Games can be assured.

Any attempt by Pyongyang to boycott the Games would be likely to be joined by only a few extremist governments, such as Albania. North Korea would be forced to watch its principal allies, China and the Soviet Union, send full sporting contingents. Chances of reviving stalled negotiations with South Korea on economic and other questions would fade sharply.

Yet to accept the offer would deliver an immeasurable propaganda prize to its rival in Seoul. It would amount to a final admission that Pyongyang had failed utterly to establish its claim as the sole rightful heir to Korean nationalism with a legitimate claim to govern all Korea.

The prospect of allowing in thousands of curious journalists, who would inevitably attend the events in Pyongyang just to have a glimpse of one of the world's most closed and tightly regulated societies, must be daunting for North Korea's leaders.

Diplomats believed at first that Pyongyang was preparing to accept the IOC's offer. By applying to participate in the football eliminations held prior to the Olympic Games, it suggested that it was at least keeping its options open.

Last week, however, the Government began what looked like a propaganda campaign to accompany rejection of the offer. It proposed high-level three-way military talks with South Korea and the US aimed at reducing tensions on the Korean peninsula.

South Korea's swift and blunt rejection of this proposal, which Pyongyang surely anticipated, will add grist to the latter's claims that military tension makes Seoul an unsafe place for international events.

North Korea this week followed up its proposal with a suggestion that the peninsula be declared a nuclear-free zone. It has accused the US of maintaining a vast arsenal of nuclear weapons in the South, an accusation which the US neither confirms nor denies.

Last weekend, a vice president of the North Korean Olympic committee denounced the IOC proposal as "preposterous," saying it would relegate Pyongyang to a minor role subservient to the Seoul Olympic organising committee. He reiterated the North's demand that the Games be co-hosted, with events split between the two cities.

The IOC in Lausanne has heard nothing officially. The propaganda campaign could be designed to strengthen Pyongyang's hand for an improved deal, perhaps including the hosting football finals, which would be a great prize.

But the point of no-return is rapidly approaching, and whichever path it chooses, North Korea is unlikely to come out a winner.

US and New Zealand part company over future of Anzus

Chris Sherwell reports from Manila on the differences that have split a 35-year-old military alliance and will leave Wellington without Washington's security umbrella.

THE 35-year-old Anzus military alliance, linking the US with Australia and New Zealand, is to lose its smallest partner following the failure of critical talks in Manila yesterday between Mr George Shultz, US Secretary of State, and Mr David Lange, Prime Minister of New Zealand.

Insuperable differences between Washington and Wellington over New Zealand's refusal to allow port visits by nuclear-armed or nuclear-powered ships mean that the US and Australia will now go ahead alone with a bilateral defence arrangement, while New Zealand will lose the US's security umbrella.

Looking unhappy after a longer-than-planned 40 minute meeting, Mr Shultz said glumly: "We part company. As friends. But we part company." Mr Lange declared: "At this stage, we are irreconcilable."

Rejecting suggestions that Anzus was dead, Mr Shultz said the Alliance would continue to operate "minus one member." Fresh arrangements between the US and Australia are to be finalised at an Anzus meeting in San Francisco on August 10.

Mr Bill Hayden, Australia's Foreign Minister, who was also in Manila, said Australia would continue its bilateral defence activity with New Zealand. The two countries are believed to have stepped up co-operation in recent years.

The US has halted port visits to New Zealand since February 1985, because it refuses to confirm or deny the presence of nuclear weapons aboard its ships. *Behind* this lies the military judgment that ship locations must not be disclosed.

Mr Lange's government does not challenge this, but it is adamant about its policy not to have nuclear weapons in New Zealand.

This is contained in legislation now proceeding through the country's parliament. The policy is part of a platform on which Mr Lange's Labour Government was elected almost two years ago.

According to Mr Lange, yesterday's meeting took place "absolutely without rancour." He also *repeated* that, for its part, New Zealand would not be withdrawing from the Alliance and remained ready to play a conventional military role.

The US view is that New Zealand has taken itself out of Anzus. But Mr Shultz ruled out sanctions, saying that Wellington's action did not mean that an ally should be transformed into an enemy.

The US's worry throughout the lengthy controversy has concerned the precedent that might be set by accommodating New Zealand. Although Mr Lange cited the case of Denmark within Nato as a reason for compromise, the US apparently refused to entertain any special treatment.

Other officials, however, suggested that Mr Lange decided that the issue was irresolvable —as he had predicted earlier in the week.

Either way, Mr Lange clearly hopes US-New Zealand relations can remain friendly and sensible. The US hopes that the position might be reversed with an eventual change of government in Wellington.

Mr Shultz and Mr Lange were in Manila to represent their countries in separate talks between the six-member Association of South East Asian Nations (Asean) and its major trading partners. Each also held discussions with Mr Hayden.

Zimbabwe businessmen show loss of confidence

BY TONY HAWKINS IN HARARE

BUSINESS confidence has taken a marked downturn in Zimbabwe in the first half of this year, according to the University of Zimbabwe's business opinion survey covering 121 industrial concerns.

In its latest report, the university's Department of Business Studies says this is mainly the result of mounting concern over import allocations.

Only 29 per cent of respondents described themselves as more optimistic than six months ago, compared with 64 per cent a year ago and more than 40 per cent in December 1985.

The report says more than three-quarters of respondents find that output is being adversely affected by a shortage of foreign exchange. recorded since the surveys were launched five years ago.

The report forecasts a marked slowdown in the rate of industrial growth from more than 11 per cent last year to no more than 4 per cent in 1986.

Demand is expected to remain strong, though less robust than in 1985, while industrial exports, after apparently flattening out in the first half of 1986, should expand more rapidly in the next few months.

But the key problem, according to the report, is the tightening of foreign exchange constraint, the solution to the country's problems, it says, is not more import-substitution but strong export growth.

Without this, the balance of payments constraint will intensify and unemployment worsen

UK NEWS

Nalgo wins right to review of water sell-off plans

BY DAVID BRINDLE, LABOUR CORRESPONDENT

THE UNION representing white-collar workers in the water industry has won the right to seek a judicial review of preparations for privatisation of Thames Water, the biggest and most profitable water authority.

Mr Justice Brown granted a petition to the High Court by the union, the National and Local Government Officers' Association, claiming that Thames has no authority to spend on privatisation plans.

The case is being seen by Nalgo as an important test of all 10 water authorities' preparations for disposal by the Government. The union says the authorities should stay their hands on such work at least until the judicial review is complete.

Mr John Pitt, Nalgo's national officer for the water industry, said yesterday: "We shall be telling Thames on Monday that we think it would be sensible for them to cease their privatisation work pending a hearing. Equally, we think it would be wise for the others to do the same."

In return for an agreement by Thames to take no further action for the time being, Mr Pitt said, the union would undertake to seek an expedited or urgent hearing.

Thames said it would be unable to comment on this proposal until after it received the papers relating to the case. These are expected to be served on Monday. In the past the authority has dismissed suggestions that any expenditure has exceeded its remit.

Nalgo's case against Thames is, first, that spending on privatisation is premature because the bill providing for disposal of the 10 authorities is not due to be introduced in parliament until the autumn.

Second, the union maintains such spending is beyond the scope of Thames's powers as set down by the Water Acts of 1973 and 1983. If the judicial review confirms this, Nalgo will seek an injunction preventing further preparations until the bill becomes law.

Thames has not disputed the union's claims that the authority has set up a privatisation unit, has retained staff with a brief to work on privatisation, has retained merchant bankers to advise on the issue and has worked with ministers on drafting the bill.

Nalgo expects Thames to respond within three weeks of the papers being served. A first hearing could be held seven days after that.

Guillotine brought in for EEC market bill

By Ivor Owen

HARASSED GOVERNMENT business managers will use the parliamentary guillotine to ensure the passage of the bill designed to speed the completion of the European Community's internal market.

Tory back-bench critics of the bill joined with opposition MPs to upset the Government's plan to complete the committee stage yesterday, if necessary by extending the 2.30 pm Friday deadline for the discussion of legislation for an unspecified period.

When it became clear that the House would have to sit well into the night — possibly into today — to complete the committee stage, Mr John Biffen, Leader of the Commons, announced that "in view of the lack of progress" the Government had decided to invoke the guillotine to curtail further debate on the bill.

He fuelled furious protests from opposition benches by disclosing that MPs would be asked to approve the timetable motion authorising the use of the guillotine in a debate starting at 10 pm on Tuesday.

It is expected to be a tight timetable reflecting annoyance within the Government over the Opposition's failure to honour an informal agreement which resulted in ministers deciding not to resort to the closure during Thursday night's proceedings on the bill.

Mr Peter Shore, Labour's shadow Leader of the House, denounced the decision to guillotine the European Communities (Amendment) Bill — the most important constitutional measure considered by Parliament since the 1972 European Communities Act to authorise Britain's entry into the EEC—as "disgraceful."

He argued that the guillotine had been made necessary by the Government's failure "to control its own backbenchers" and its decision not to use all the time available between midnight on Thursday and 9.30 yesterday morning which could have been devoted to the bill.

Mr Shore protested that there was no precedent for the House being asked to vote on a guillotine motion outside "prime" time when it was customary for such issues to be debated.

Mrs Lynda Chalker, Foreign Office minister of state, told the House that the failure to complete the Community's internal market was costing consumers in the 12 member states £6bn a year.

Sir Edward duCann, Conservative MP for Taunton and one of the leading critics of the bill, warned that the harmony it was seeking could work to Britain's disadvantage.

He feared that attempts would be made to end value-added tax zero rating with the result that gas, electricity, newspapers, books and even food would be brought within the scope of VAT.

Study recommends restructuring legal aid

BY HAZEL DUFFY

THE SYSTEM of legal aid and advice should be restructured to provide a more efficient and effective service, according to recommendations made yesterday by an inter-departmental team of civil servants.

The report of the team co-ordinated by the Prime Minister's Efficiency Unit estimates that savings of about £30m could result if the recommendations were implemented.

Legal aid and advice are expected to cost £390.8m in 1986/87 compared with £299m in 1984/85 and is forecast to continue rising by between 10 per cent and 15 per cent until the end of the decade.

The purpose of the system is to provide legal advice and representation to those who cannot afford it.

Rapid growth in demand in recent years has led to warnings by bodies such as the Law Society, which administers legal advice on behalf of the Lord Chancellor's department, that the system will deteriorate if the government continues to limit expenditure on administration.

Lord Hailsham, the Lord Chancellor, yesterday gave the Government's offer on the level of criminal legal aid fees to be paid to barristers and solicitors in 1986-87.

In accordance with a request from the Bar, to which the Law Society agreed, the offer was not made public. The Lord Chancellor's Department said the proposals were one stage in a continuing process of negotiation which was due to be completed by July 16.

The civil service team found many areas where money was wasted and identified a need

It did not, however, recommend the setting up of a simpler system salaried service to provide all legal aid assistance and advice, although this was thought to be the most efficient solution. Such a system was dismissed as "neither satisfactory nor practical at the present time."

The main recommendations are:

● A Legal Services Board, appointed by the Lord Chancellor, to be responsible for all aspects of legal aid and advice. Consumer as well as legal representation on the board is envisaged.

● Court procedures to be radically improved so as to avoid unnecessary waiting and duplication of the services of solicitors and barristers. A solicitor's representative in guilty pleas in the Crown Court, for example, should not be necessary. Committal and remanding to be reduced wherever possible. The bulk of the savings would come from streamlining court procedures.

● Simplification of the applications and payments procedure for criminal legal aid. All applicants, for example, to pay a £10 contribution except those on supplementary benefit or Family Income Supplement.

● Simplification of the system of applications and contributions for civil legal aid, in the case of the latter to ensure that the client and the solicitor are under pressure to keep costs to a minimum, as in private cases.

● The legal advice system to be reformed. Instead of people going to a solicitor, initial advice, except in criminal cases, to be given by an advice agency; family cases to be referred to a private practitioner only when it is clear that there is an issue on which legal advice is needed; other civil cases to be referred only when court proceedings need to be initiated.

The Law Society, representing solicitors who received £281m in legal aid fees in 1984/85, welcomed the report in large part but opposed the proposal to abolish the Green Form scheme whereby advice is given by solicitors.

Legal Aid: Efficiency Scrutiny. Lord Chancellor's Department. £5

Guinness to seek US quotation

BY LISA WOOD

GUINNESS, the brewing, spirits and retailing group, has retained First Boston, the New York investment banking company, to advise on its US investor relations programme and to be seeking in due course a quotation on Nasdaq, the "over-the-counter" US stock market.

Initially First Boston will establish a sponsored American Depository Receipt facility.

ADRs, which are unsponsored for Guinness in the US, are documents that show ownership of shares and which facilitate trading in a foreign company's equity when its shares are not quoted directly in the US market.

Guinness said: "The company intends in due course to obtain a quotation for its ADRs in the National Market System of Securities Dealers Automated Quotation System (Nasdaq). First Boston will make a primary market for Guinness ADRs."

Mr Simon Duffy, director of corporate finance at Guinness, said the full quotation would be sought in the next six to nine months but it was not an offering of new shares.

Guinness, with about 5 per cent of its turnover from North America, recently acquired the Distillers Company which, with its Johnny Walker, Dewar's and Tanqueray brands, obtains about one third of its world-wide sales from the US.

Mr Duffy said: "In being a global marketing company it is appropriate to be in global equity. We are also responding to US investor demand. It is much better for US investors if ADRs are sponsored and listed so that they can trade their shares in the US."

● Guinness Ireland announced yesterday that it had signed an agreement with Anheuser Busch, the biggest brewer in the US, to market, distribute and eventually brew its Budweiser brand in Ireland.

Watney Mann & Truman, the brewing subsidiary of Grand Metropolitan, holds similar rights to the drink in the UK.

Fibre optic grid study urged

BY RAYMOND SNODDY

THE PEACOCK Committee on the financing of broadcasting has recommended that serious consideration be given to creation of a national fibre optic grid to distribute television programmes toward the end of the century.

The committee wants British Telecom to consider the commercial viability of such a venture. No-one knows how much such a project would cost. It is unlikely to be less than £10bn.

Fibre optic cables are made of ultra-pure glass. Several television channels can be transmitted down a single strand as thin as a human hair.

Creation of a national fibre optic grid is central to the Peacock Committee's long-term ideas for a deregulated broadcasting service, in which the consumer would pay for programmes, one at a time.

Fibre optics could distribute a vast choice of television.

The committee approached BT for advice on the issue and received confidential answers to its questions.

BT is understood to have told the committee that such a national network was technologically possible, but that the cost would be enormous, and it was an open question whether it would be commercially viable.

The issue is not seen as a live one in BT at the moment, but if the Government were to back a national fibre network grid, BT would in return almost certainly seek relief from what it sees as its present regulatory burden.

The committee's report is expected to be published on Thursday.

First-time homes rise 10% in SE

By Nick Bunker

FIRST-TIME house buyers in the south-east have faced a 10.2 per cent leap in the last three months in the price of the average starter home, says the UK's second biggest building society, the Abbey National.

That means that the last 13 weeks have added more than £3,500 to the price young people in the south-east can expect to pay for their first house, flat, or maisonette. It now stands at £38,888, up 22 per cent since the same time last year.

Mr John Bayliss, an Abbey National general manager, warned yesterday about the threat of financially over-stretched young people falling into mortgage repayment difficulties.

"The very high rises now facing first time buyers particularly in the south-east are causing us concern," he said.

"Whilst we try hard to meet the very high loan requests that they are being forced to make, we also place great emphasis on counselling them to ensure that they don't become over-stretched."

Building societies were already experiencing increased arrears, and first-time buyers were in danger of being forced by the high prices to accept properties from the bottom end of the housing stock.

Prices paid for the average first-time buyers' property have outstripped the general rate of house price inflation, the Abbey National said.

Prices of flats and maisonettes —typical first purchase properties—had risen nationally by 24 per cent in the last year, while prices of bungalows had increased by only 13 per cent.

Nationally, the average UK house price has jumped by 5.6 per cent in the last three months—the biggest quarterly rise since 1979—taking it up by £2,000 to £36,814. In London, the quarterly increase was 7.8 per cent, while in the south-east it was 6.5 per cent.

Price rises in Wales and Scotland however have remained flat at less than 2.5 per cent.

BT pulls the plug on porn messages

BY JASON CRISP

BRITISH TELECOM has found a way to stop companies offering recorded pornographic services on the telephone — without being accused of being a censor.

BT was criticised this year in parliament, the press and by Mary Whitehouse, the morals campaigner, because the magazine Penthouse was supplying suggestive messages as a premium recorded service. Women's groups protested outside BT's headquarters in the City.

Although the services were mild compared with the US equivalent, BT was sufficiently sensitive to pull the plug on Petline, the Penthouse service.

The solution is a code of conduct being drawn up by a new body, the Association of Telephone Information and Entertainment Providers.

The association is to appoint an independent committee of worthies who will judge if any recorded service transgresses the code, in which case BT will cut it off.

Recorded services are a lucrative business for BT which charges 43p a minute. The calls are made on the 0077 dedicated exchange in London which stores the messages in computers so that each caller hears the message from the beginning.

A large number has sprung up, ranging from BT's own City-call to a variety of entertainments such as Humour Line, Fitness Line and Celebrity Line. There are also two "chat-up lines," one for each sex, a Mr Furious on the Insult Line and World Cup Humour.

The calls are expensive—the same fee as calling the Irish Republic—and are generating a lot of revenue for BT. There is suspicion that most calls are made by office workers at their employers' expense.

The association, which is made up of five service providers, is drawing up the code in conjunction with BT. It will also provide a code for other issues such as medical, financial and legal information.

CIS offers mortgage incentives

By Eric Short

FREE conveyancing during 1986 is being offered to borrowers by the Co-operative Insurance Society, one of Britain's largest home service insurance companies, as part of its new mortgage service.

Insurance companies are entering directly into the mortgage field for the first time, in competition with building societies and banks, as a means of marketing life and pension products.

The CIS, like most home service insurance companies operating through agents calling at policyholders' homes, was an active provider of mortgage finance until about 15 years ago.

The old mortgage facility was available only to existing CIS policyholders but its new 'Mortgage maker' will be generally available.

The interest rate is 11 per cent, standard for all types of mortgages. In common with other insurance companies, the CIS is competing on the peripheral benefits.

It is offering the services of the CIS legal department for conveyancing, with well below average fees at £45 an application. For applications in 1986 even this is being waived.

Applicants will also receive a privilege discount voucher entitling them to a 12.5 per cent discount on furniture and carpets at most co-operative stores.

Grants trial to help council tenants buy private homes

BY JOAN GRAY, CONSTRUCTION CORRESPONDENT

THE GOVERNMENT has given the go-ahead for trial grants to help council tenants buy a home in the private sector.

The scheme would give them up to £5,000 if they did not want to buy the council house they were living in.

It is designed to help release homes for families in bed and breakfast accommodation, which now costs local authorities £12m a year and the Department of Health and Social Security £26m.

The scheme is being assessed in two London boroughs — Bromley and Brent — to see if it should be introduced more widely.

Sir George Young, Under Secretary for the Environment, said the idea deserved serious consideration.

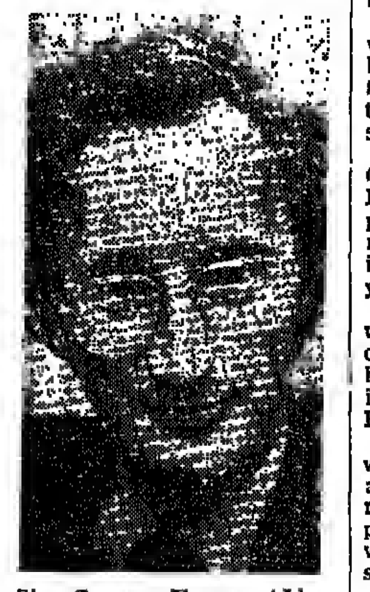
The Government would be evaluating the schemes in Bromley and Brent to see how much they cost and how effective they were in reducing the number of homeless households.

The scheme will make grants of between £2,000 and £5,000 available for council tenants who do not want to exercise their right to buy their own homes but want to buy a house on the open market.

The grants will only be available to those who are living in family accommodation, particularly houses with gardens, and not to those living in tower block flats.

The Government wants to use the scheme specifically to release houses for homeless families.

Sir George has also said that the scheme will not match the scale of assistance available under the existing right to buy legislation, where tenants can get up to £25,000 discount if they want to buy the council house they are living in.



Sir George Young: 'Idea deserves consideration'

The number of households in bed and breakfast accommodation has risen from 53,000 in 1978 to more than 100,000 in 1986 and should reach 120,000 by 1986.

The cost of bed and breakfast accommodation to local authorities has risen more than threefold from £3.9m in 1978 to £12m in 1986.

New hospital for Solihull approved

MR NORMAN FOWLER, Social Services Secretary, has approved in principle the first phase of a new district general hospital in Solihull costing £23m.

The hospital will be a big boost for health services in Solihull, many of whose residents have had to travel into Birmingham for their hospital services. In particular, it will enable Solihull Health Authority to develop services for the mentally ill and the elderly.

BAA reports big fall in US travellers

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE FULL EFFECT of this summer's shortfall in air passenger travel across the North Atlantic is emerging. The British Airports Authority reports that in May passengers at Heathrow dropped by 8 per cent against May last year, to just under 2.5m.

This reflected a 27 per cent drop in US travellers handled at Heathrow and an 11 per cent fall in Canadian traffic.

Counter-balancing this to some extent was a rise of 12 per cent in West African traffic at Heathrow a rise of 7 per cent in Middle East passengers and a 5 per cent gain in passengers on Asian routes.

Gatwick, the second main airport for London, had its best result for 2½ years with close to 1.5m passengers, which is 17.4 per cent up on May last year.

The main reason was a 37 per cent rise in European charter traffic, with all the main holiday desinations from the UK in the Mediterranean reporting big increases in traffic.

These figures are widely regarded in the independent airline sector of the industry as confirmation that Gatwick is now an important charter airport, and that the Government should make no changes in distribution of traffic to disturb that trend.

Many independent airlines based at Gatwick believe that any attempts to shift charter traffic away from there in favour of more scheduled services would be disastrous

This is confirmed by other aspects of the Gatwick statistics, which show that European scheduled services from that airport gained only 9 per cent, and US routes dropped by 10 per cent. Overall scheduled service traffic at Gatwick was up by only 2 per cent.

Elsewhere in the UK the holiday charter traffic showed increases over the corresponding month of last year. At Glasgow an upsurge in outbound holiday traffic helped raise overall traffic by 25 per cent, to 280,200 passengers.

At Edinburgh overall passenger traffic rose by 5.7 per cent to 145,000, with charter traffic up 64.1 per cent. Aberdeen continued to suffer from the downturn in oil-related flights, handling only 125,500 passengers, a fall of 17.2 per cent.

● Figures issued yesterday by British Airways show that in the week ended June 22 it carried 47,726 North Atlantic passengers, 16 per cent down on the comparable week last year.

Unity Trust aids buy-out bid for Leyland Bus

By David Thomas

UNITY TRUST, the union-backed bank, has offered to take part in the bid by the management consortium to buy out Leyland Bus, a BL subsidiary.

The management consortium has welcomed Unity Trust's support. It is one of three groups to have bid for Leyland Bus, the others being Laird, which owns Leyland Bus's main rival Metro-Cammell Weymann, and the Aveling Barford construction equipment group.

Unity Trust's involvement would take the form of a share ownership for plan employees, modelled on similar developments in the US, under which it would hold a block of shares on behalf of all employees, then gradually transfer them to individual employees, possibly through a profit-sharing scheme.

Unity Trust made a similar proposal as part of the abortive management buyout scheme for Land Rover. It talked then of acquiring a 10 per cent stake

Leaders of the main unions involved in Leyland Bus have approved Unity Trust's proposal. Mr Terry Thomas, Unity Trust managing director, said it would provide all employees with the opportunity to own a stake.

The Government hopes to make the decision next month, Mr Peter Morrison, Industry Minister, said yesterday during a visit to the company's plant at Leyland, Lancs.

The BL board and its advisers "will look at the bids very carefully indeed. They will make a recommendation. The Secretary of State will then look carefully

Charles Batchelor examines the City's reactions to Woolworth's defence against Dixon's attempt to gain control

First big bid battle after takeover advertising ban nears climax

FOR RETAILERS adept at promoting their wares, the timing of Dixons £1.8bn takeover bid for Woolworth Holdings, which is to reach its climax on Wednesday, may be unfortunate.

Mr Stanley Kalms, the Dixons chairman, launched his bid just four days before the Takeover Panel clamped down on most forms of takeover advertising.

So the largest in the recent series of retailing takeovers became the first big City battle to be fought nearly without advertisements.

In spite of — some would say because of — the absence of bid advertising, Woolworth has achieved a shift in City opinion and appears far more strongly placed to defeat Dixons than many would have thought possible in early April, when the bid was launched.

In the course of the 12-week campaign several key issues have emerged:

● The role of the 20 or so institutions which backed the buy-out of the British Woolworths from its US parent in late 1982. Will they, as owners of nearly 40 per cent of Woolworth's equity, support the management they put in?

The biggest shareholders in this group are Robert Fleming Investment Management, with about 10 per cent, Prudential Assurance with 8 per cent, the Merchant Navy Officers' Pension Fund, with nearly 5 per cent.

Warburg Investment Management, not an original backer, has built up a 13 per cent holding during the past 3½ years.

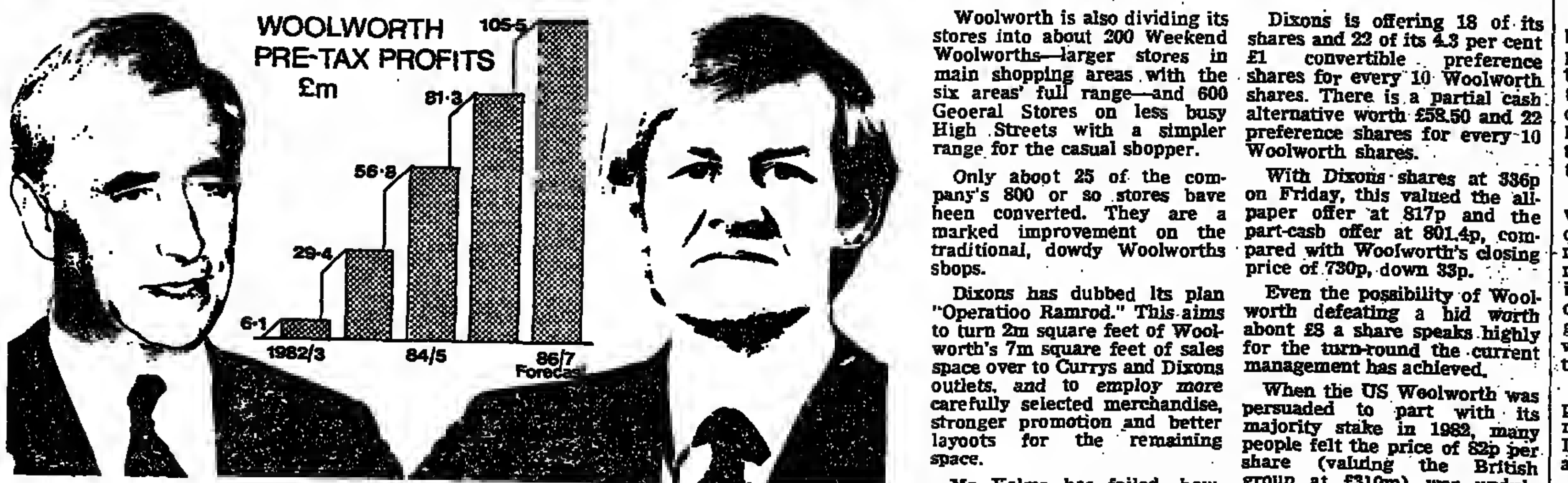
The original backers—grouped in the Paternoster Consortium—accepted that to turn round Woolworth would take a long time. Mr John Beckett, former chief executive of British Sugar Corporation, was brought in as chairman. He said it would take seven years to reverse the stranded supertanker out of the creek and get up speed in the right direction.

With the exception of Charterhouse, which masterminded the Woolworth buy-out, none of the original backers has made a formal commitment to back the present board.

"Seven years was never part of a social contract but we very much saw this as something which would take a number of years," commented one.

Woolworth has been keen to play down any suggestion that the institutions owe it anything. Even so, at a time of growing criticism that the City takes an unduly short-term view in assessing companies' performance, the institutions may think a very long time before ditching the management they installed.

● The quality of management teams involved and of their leaders. Mr Kalms, who started work behind the counter of his



Stanley Kalms (left) and Geoff Mulcahy await the outcome on Wednesday.

as a tough-minded professional with a natural retailing flair.

His successful revamp of Currys, the white goods retailer he acquired in early 1985, has increased his standing in the City, though an earlier acquisition outside the electrical field, Weston the chemist chain, was not a success.

The Woolworth campaign has been headed by its chief executive, Mr Geoff Mulcahy. A scientist by training and a financial man for much of his with the brisk directness of Mr Kalms.

In spite of the success of Mr Mulcahy and his team in improving Woolworth's performance, Mr Kalms has made much of the fact that the top Woolworth men are not retailers. This argument has found some response in the City.

"All the good retail groups in the UK are run by charismatic figureheads who define the corporate mission and push

● The retailing strategies. Although it has acquired the reputation for having launched a series of short-lived retailing projects—Shoppers World, 21st Century Store, Operation Crackdown—Woolworth has won followers for its current campaign—Operation Focus.

The aim is to trim Woolworth's merchandise to six key areas—children's wear and toys; gifts and sweets; audio and video; home and garden equipment; kitchenware and

Woolworth is also dividing its stores into about 200 Weekend Woolworths—larger stores in main shopping areas with the six areas' full range—and 600 General Stores on less busy High Streets with a simpler range for the casual shopper.

Only about 25 of the company's 800 or so stores have been converted. They are a marked improvement on the traditional, dowdy Woolworths shops.

Dixons has dubbed its plan "Operation Ramrod." This aims to turn 2m square feet of Woolworth's 7m square feet of sales space over to Currys and Dixons outlets, and to employ more carefully selected merchandise, stronger promotion and better layouts for the remaining space.

Mr Kalms has failed, however, to convince many people in the City on two important counts: That public demand for electrical goods justifies the extra space to be devoted to it; that he can improve the profitability of the 5m sq ft of space on which shops will continue to sell the broader Woolworth range.

● The financial arguments. Many brokers and fund managers regard Dixons' case as far from compelling. Woolworth's share price has remained well below even the Dixons' part-cash alternative. This suggests

Dixons is offering 18 of its shares and 22 of its 4.3 per cent £1 convertible preference shares for every 10 Woolworth shares. There is a partial cash alternative worth £58.50 and 22 preference shares for every 10 Woolworth shares.

With Dixons shares at 336p on Friday, this valued the all-paper offer at 817p and the part-cash offer at 801.4p, compared with Woolworth's closing price of 730p, down 33p.

Even the possibility of Woolworth defeating a bid worth about £8 a share speaks highly for the turn-round the current management has achieved.

When the US Woolworth was persuaded to part with its majority stake in 1982, many people felt the price of 82p per share (valuing the British group at £310m) was unduly generous.

In spite of these initial doubts, the Woolworth team raised pre-tax profits from £6.1m in 1982-83 to £81.3m in 1985-86, and are forecasting a 30 per cent increase to at least £105.5m in the year to end February 1987. In 1982, the new management had forecast 1986-87 profits of just £70m.

Mission Impossible was the dismissive epithet applied to the task facing Mr Beckett's team in 1982. In spite of these early doubts, progress has been made. Wednesday will show whether Dixons' timing was

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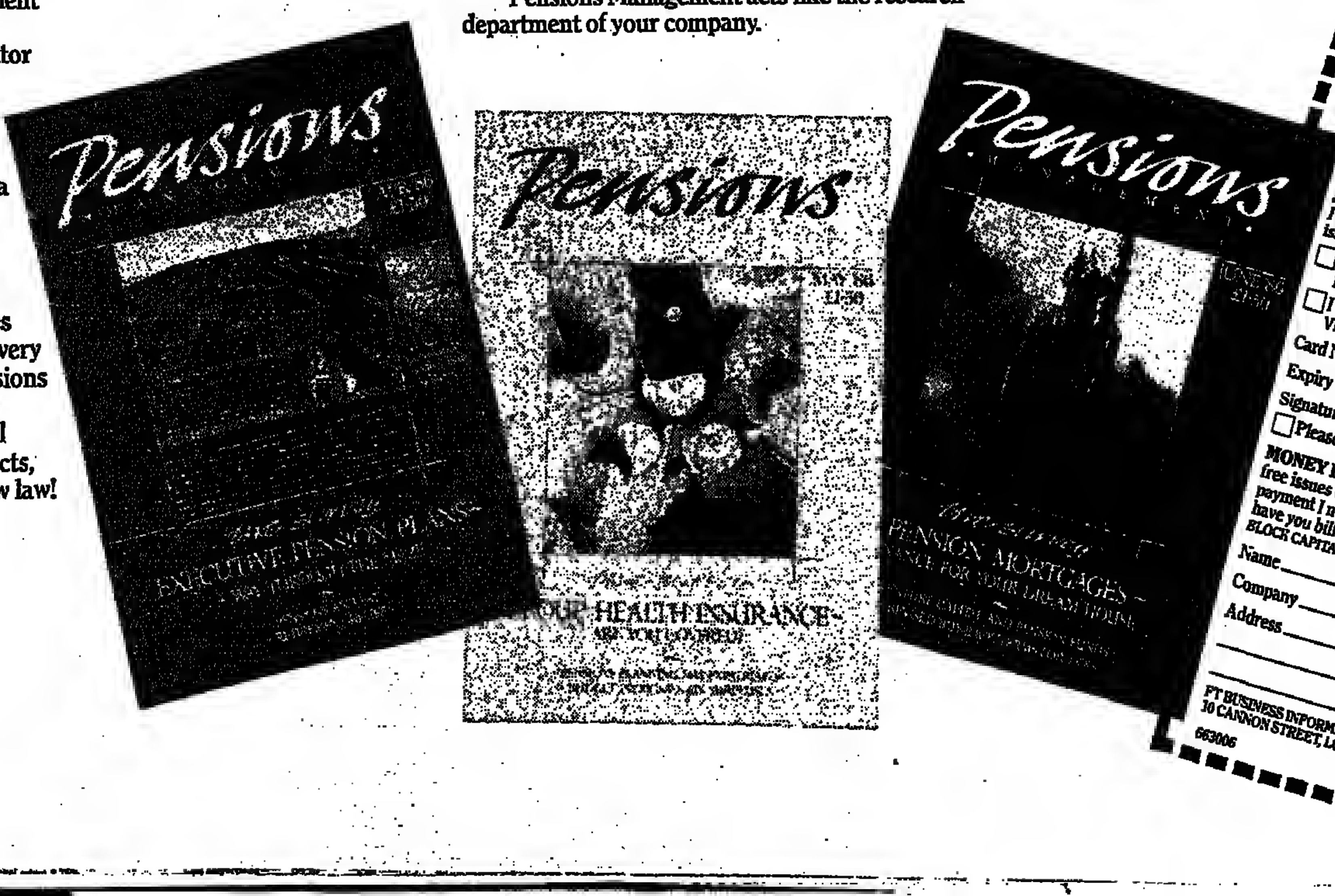

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UK NEWS

Joan Gray on a challenge to protected land that could be more difficult to resist than that from house builders

Developers put pressure on London's green belt

THE PROTECTED green belt around London—designed to shield the countryside from urban sprawl—is facing a challenge from developers of theme parks, shopping centres and leisure complexes.

It is already under pressure from housebuilders who want more sites in the country's most prosperous region. One fiercely contested proposal is the plan by Consortium Development—a group of Britain's biggest builders—to build a country town for 14,000 people at Tillingham Hall in Essex.

The latest schemes, however, are on a grander scale than the housebuilders' plans and present a pressure for development which the Government may find harder to resist than the housebuilders' pleas.

The challenge comes from companies prepared to invest hundreds of millions of pounds in developing sites that would other wise remain derelict and despoiled

The proposed developments have been attracted by the opening of the M25 and are all within easy reach of it and therefore of London and its free-spending suburban population.

Three big schemes have been put forward in the past month alone.

ARC Properties, a subsidiary of the Amey Roadstone aggregates company, is planning a £150m, 1m sq ft shopping centre on 260 acres of worked-out land where it had extracted sand and gravel in the green belt at Wraysbury, Berkshire, to be named the Runnymede centre.

Blue Circle and the Rosehaugh property group's retailing arm Shearwater, is planning a £200m, 1.5m sq ft shopping and leisure centre, to be named Blue Water Park, in a 200-acre, worked-out chalk quarry in the green belt at Swanscombe near Dartford, Kent. This could be followed by a giant funfair and theme park in the 600-acre chalk pit next to it.

A £100m British heritage theme park on a redundant waterworks beside Kempton Park racecourse, south-west of London, is planned by Theme World, a small company set up specially to develop it.

The site is not on green belt land but the local council has plans to re-zone it as such.

The Department of the Environment is already considering a scheme by the Pearson Group for a £22m, 35-acre retail park in Essex, just north of the Dartford Tunnel.

The most important reason why the developers of these schemes have a better case than the housebuilders is that they could create thousands of jobs.

Their promoters estimate that Theme World would create 1,500 permanent jobs, Runnymede 3,000 and Blue Water Park 8,000.

The proposals come at a time when planning restrictions have already been relaxed to help create employment.

Mr Nicholas Ridley's predecessor as Environment Secretary, Mr Kenneth Baker, loosened the restrictions on changing the use of agricultural buildings in the green belt provided this would encourage employment. The DoE is working on proposals to alter planning regulations considered to be a restriction on job creation.

Also, a redundant waterworks, a worked-out quarry and a chalk pit are hardly the sort of desirable agricultural acres that the green belt was originally designed to protect or that voters would line up to defend.

The developers say their schemes are also designed to be unobtrusive. Theme World's heritage rides would be hidden behind the 35-ft-high banks of two drained reservoirs; Runnymede's shops would lie below the level of flooded workings and Blue Circle and Shearwater's development would be in a quarry 130 ft below ground level.

The developers also say that — unlike the housebuilders — they are not embarking on a concerted plan to get green belt land released.

Mr Richard Elliott, ARC Properties development manager said: "We are in competition with other developers for sites and are certainly not embarking on any crusade to break the green belt.

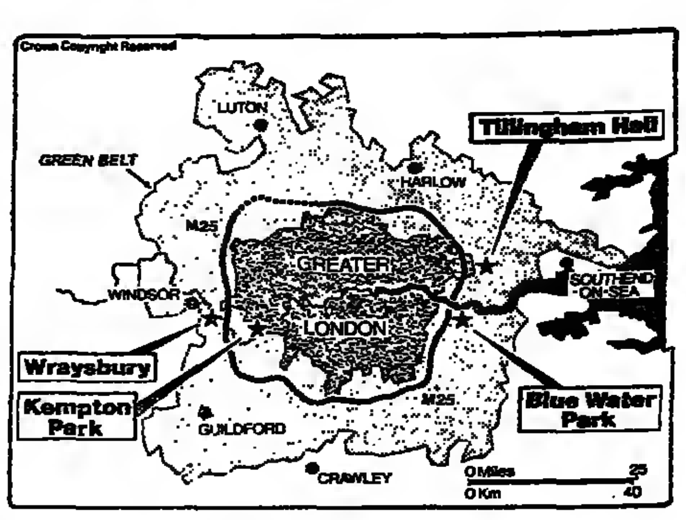
"We would rather avoid the green belt where we can but the M25 has threaded its way through the green belt and this site is such a good location we could not afford to rule it out for development."

Blue Circle says that if it does not get planning permission to develop its quarries, it will have to embark on the 30-year task of filling the pits with rubbish to *reclaim* the land

While Mr Baker frequently expressed his opinion that the green belt should remain sacrosanct, Mr Ridley has yet to make his policies clear.

In one of his first pronouncements as Environment Secretary, however, he said his main objectives for development in the south-east were fostering economic growth and "accommodating new development while conserving the countryside."

The latest proposals will make *balancing these objectives* an even more difficult task.



HOUSING SHORTAGE IN SOUTH-EAST 'HINDERS STAFF RECRUITMENT'

A SHORTAGE of housing in the south-east is making it difficult for employers to recruit skilled staff and reduce unemployment, according to a report from the House-Builders Federation, writes Joan Gray.

The report was prepared for the federation by the Institute of Management Studies at Sussex University in support of its submission to the Berkshire structure plan inquiry, asking for more housing land.

The area is a centre for Britain's electronics and *information technology* industries.

The report showed that recruitment difficulties reduced the efficiency of some companies, often preventing them from expanding in the area.

Multidivisional companies were often persuaded to choose other areas for expansion.

High housing costs were the most commonly cited cause of the difficulty in attracting staff.

Housing can prevent companies overcoming skilled manual labour shortages by recruiting from outside the south-east.

"It is clear that employment which *could* be created just isn't because firms can't find the right people. And they can't find these people because there is not enough of the right kind of housing," says the federation.

"Housing policies in the south-east are impoverishing our country and many local businesses as well as denying people jobs."

The federation blames the high price of housing and *shortage of cheap new homes* largely on the high price of building land in the south-east, and wants more sites made available.

"Housing Constraints in the mid-Berkshire labour market," by the Institute of Manpower Studies, available from the House-Builders' Federation, 82 New Cavendish Street, London W1M 8AD.

Murdoch staff join Independent

By Raymond Snoddy

NEARLY a third of the journalists hired by The Independent, the planned quality newspaper due to be launched in October, have come from The Times and The Sunday Times.

The 34 journalists from the two national papers owned by Mr Rupert Murdoch form by far the largest group among the 115 editorial staff hired so far.

In spite of the fact that the three founders of The Independent come from the Daily Telegraph only nine journalists have come from the Daily Telegraph and Sunday Telegraph.

Six have joined from the Daily Mail, four from The Guardian, four from the Financial Times and one from Today.

Others have joined from The Economist, the BBC, Reuters and the Press Association.

Mr Andreas Whittam Smith, editor of The Independent, said: "We have completed four-fifths of our recruiting and I think we have got an extremely good editorial staff."

Mr. Whittam Smith, former City editor of the Daily Telegraph, said the paper received between 1,500-2,000 applications

"I think in about 50 per cent to 85 per cent of cases we have got the person we were going for," he said.

The Independent, has raised £18m in finance plus an overdraft facility of £3m.

NFU told of Welsh sheep problems

FINANCIAL TIMES REPORTER

MR SIMON GOURLAY, president of the National Farmers' Union, was in north Wales yesterday to learn about the problems of farmers hit by the Government's ban on moving sheep and lambs affected by high levels of radiation from the Chernobyl disaster.

His visit concentrated on Anglesey where the sale of lambs would normally be peaking.

In more than 2,000 sq miles of north Wales about 2m sheep and lambs are confined to more than 4,000 farms. About 800,000 are lambs which should be slaughtered soon.

At Gaerwen, Mr Gourlay found fewer than 300 being sold. Normally 2,000 or more would have been auctioned yesterday.

With the 21-day ban in its second week, farmers' fears are growing.

Many believe they will be unable to send their stock to market in prime condition. Losses of £10 a head and more are predicted if lambs pass their peak and put on extra fat.

Mr Gourlay said the Government should meet the cost, likely to run into millions of pounds.

"The farming community certainly expects compensation. The question is whether a sufficient amount will be made available," he said.

On Anglesey itself Mr Emlyn Lewis, the NFU's secretary, reckons 40,000 head are affected immediately.

He said: "They should be at market now. Compensation is an absolute necessity if we are to retain a viable future for many lamb producers."

In north and mid-Wales some farmers are calling for stronger measures. At a meeting of sheep farmers in Powys — a county where sheep outnumber people by 10 to one — there were calls for the Government to purchase animals at risk, slaughter them and pay compensation.

That is unlikely to be favoured in Whitehall, but as prices fall—declines of 20 per cent at market are commonplace—pressure for more positive action will increase.

The Farmers' Union of Wales called for a categoric statement on compensation. Mr Huw Hughes, the FUW president, said: "A real crisis is looming for some sheep meat producers."

This week north Wales has witnessed an influx of London-based notables sitting down to eat Welsh lamb.

Mr Nicholas Edwards, Secretary for Wales, said that last week his wife was shopping for a Sunday joint of Welsh lamb. Mr Jeffery Archer, the Conservative Party deputy chairman, insisted on the same dish when he attended an engagement in Caernarfon.

A BAN on sheep slaughtering on the Isle of Man is likely to be extended beyond the end of next week, according to the island's Board of Agriculture and Fisheries.

Radioactivity levels in lambs were *falling* but some readings were still above the action level set by the Ministry of Agriculture

Private concerns funded development association

BY ANTHONY MORETON, REGIONAL AFFAIRS EDITOR

FOUR PRIVATE sector concerns provided financial support for the Yorkshire and Humberside Development Association in 1985-86, helping to offset the drop in Government funding.

The four—National and Provincial Building Society, Ernst and Whinney, the West Yorkshire Enterprise Board and Shepherd Construction — provided £60,000, according to Mr. John Gunnell, chairman, at the annual meeting in Bradford yesterday.

The four, with help from 400 associate member companies, had not only allowed the work of the association to continue but had also encouraged the Government to reverse its policy of paring finance.

Last year, the Government provided £400,000 towards the association's £589,000 expenditure—a drop of £118,000. As a result of greater private sector commitment, the Government will provide £500,000.

The association, founded in 1974, is responsible for the promotion and marketing of the Yorkshire and Humberside region.

ECONOMIC DIARY

TODAY: World Health Organisation meeting on AIDS report, Geneva.

TOMORROW: National Graphical Association annual conference opens, Blackpool (to July 4).

MONDAY: National Union of Mineworkers' annual conference opens, Tenby (to July 11). National Union of Railwaymen annual conference opens, Weston-super-Mare (to July 11). Vice-President Andriessen, EEC Agriculture Commissioner, opens the Royal Agricultural Show, Stoneleigh (to July 3). EEC Transport Ministers meet in Luxembourg to discuss organisation of the transport market, weights and sizes of loads, and air transport price fixing and route sharing.

TUESDAY: UK takes over the presidency of the EEC. British Institute of Energy Economics conference on the future of UK North Sea oil and gas (to July 3). Caricom summit, Georgetown, Guyana (to July 4).

WEDNESDAY: Sir John Harvey-Jones (ICI), Sir David ... Norman Willis (TUC) address Industry Year conference, Albert Hall. EEC Economic and Social Committee plenary session opens in Brussels to discuss mid-1986 economic situation (to July 3). Mr Giles Shaw, Home Office Minister, and Lord Cockfield, vice-president of the Commission of the European Communities, are among speakers at EEC two-day conference on the future of television in the Community, Mount Royal Hotel, London. UK official reserves for June. Overseas travel and tourism figures for April. Capital issues and redemptions in June. May quarterly analysis of bank advances and acceptances. Advance energy statistics for May.

THURSDAY: Detailed analysis of employment, unemployment, earnings, prices and other indicators for April. Housing starts and completions in May.

FRIDAY: May final figures for car and commercial vehicle production. BMA, Health Education Council and TUC conference on the National Health ...

UK NEWS—LABOUR

Westland white collar staff impose sanctions over pay

BY DAVID THOMAS, LABOUR STAFF

WHITE COLLAR staff at Westland's main helicopter plant in Yeovil, Somerset, yesterday imposed industrial sanctions in response to a proposal by the company to link a pay rise to turnover targets.

A small part of workers' annual pay in many companies is now linked to profit figures but it is unusual to make a whole pay rise dependent on meeting turnover targets.

Westland originally proposed that there should be a pay standstill for a year from June 1, when the annual settlement was due, at its helicopters, aerospace and customer support divisions.

Mr Philip Rushworth, group staff director, said yesterday the proposal was designed to cut costs and increase competitiveness at the three divisions. A pay offer of 4 per cent to 5½ per cent was made at the technology division which was profitable.

The pay standstill proposal led to an overtime ban by some manual workers. However, in further negotiations with the unions, the company proposed linking a pay increase from January 1, 1987 to turnover targets.

The workers would get a 3 per cent increase if they met the turnover targets, but nothing if they did not.

These targets were set on a plant-by-plant basis. At the customer support plant at Weston-super-Mare, for example, the target was £31.5m, made up of £13m turnover in repairs and overhauls, £11.9m in spares and £6.6m in structures.

However, members of the manufacturing union, Tass, the largest white collar union in Westland, who are mainly designers and engineers, at Yeovil yesterday rejected the offer and imposed limited sanctions.

These include an overtime ban, a work-to-rule, the refusal to work on any new technology introduced after the dispute starts and the demand that all subcontractors be given four weeks' notice to quit the factory.

Mr Tom Strong, acting chairman of the Tass negotiating committee at Yeovil, said yesterday: "We art all sad and sick that we've had to take the action. We're interested in the company because it's our future."

CPSA's moderates confident

BY DAVID BRINDLE, LABOUR CORRESPONDENT

SUPPORTERS of Mr John Ellis, the centre-right candidate in the election of the general secretary of the Civil and Public Services Association, are confident of victory when the results are declared next Thursday.

Success for Mr Ellis, the CPSA's deputy general secretary, would leave the 140,000-strong union — the biggest in the Civil Service — firmly on the course mapped out by Mr Alistair Graham, who is resigning the top staff post to become director ofthe Industrial Society.

With a centre-right national executive committee elected for a second successive year, the influence within the union of the far-left Militant Tendency would be seen to be severely curbed.

Mr Ellis, 47, made distaste for Militant a cornerstone of his election campaign. His supporters believe this has helped produce a high turnout in government departments, such as the Defence Ministry, which traditionally back the CPSA National Moderate Group faction.

By contrast, some branches which usually back the Militant-dominated Broad Left faction are not thought to have polled as strongly as expected for Mr John Macreadie, the group's candidate.

Turnout overall is believed to be below 40 per cent, slightly less than that in the executive and presidential elections held last month.

With Broad Left '84 thought to have polled less well on this occasion, Mr Ellis's supporters estimate he may have attracted more than 21,000 votes against perhaps 16,00 for Mr Macreadie.

Edwards rejects Wales TUC's claims

BY ROBIN REEVES, WELSH CORRESPONDENT

MR NICHOLAS EDWARDS, Welsh Secretary, has rejected Wales TUC allegations that he has adopted a bunker mentality by refusing its requests for meetings over the past two-and-a-half years.

He had replied that he felt that such meetings would serve no useful purpose.

Mr Edwards said that he and his ministerial colleagues remained, "as we have always been, prepared to meet the Wales TUC wherever such a meeting offers the prospect of a constructive dialogue."

Refuting in detail the allegations, which were contained in an open letter to him from Mr David Jenkins, general secretary of the Wales TUC, Mr Edwards said he would continue to be reluctant to hold meetings where there was no constructive outcome in prospect.

Two particular meetings called for, on health and education, had not been refused but awaited a response to the Welsh Office's request for details of the proposed agenda.

He said: "The business of setting up both meetings has not been assisted by the curiously equivocal public position you (the Wales TUC) have been adopting recently regarding whether or not you wish to talk to the Welsh Office."

Court removes receiver from NUM

By Our Labour Staff

THE LEGAL shackles placed on the National Union of Mineworkers as a result of the miners' strike were finally lifted yesterday when the Appeal Court ordered a complete end to the receivership of the union.

The court overturned a decision by Mr Justice Meryvn Davies in the High Court that Mr Michael Arnold, the receiver, should remain in post to conduct two pending law suits, including a breach of trust action he has brought in the NUM's name against a number of banks and the union's three top officials.

This effectively reutrns the union to the full control of its officials for the first time since the miners' strike, although the law suits will continue.

Mr Arthur Scargill, NUM president, speaking in Tenby, South Wales, where the union's conference opns on Monday, welcomed the end of the receivership but said he no longer knew how much money the union possessed.

Its assets had been estimated at about £8m but that was before they had been seized by the reeiver 20 months ago, Mr Scargill said.

He added that the cost of legal fees, receivership and sequestration had been about £1.5m.

In ending the receivership, Lord Justice Dillon said the High Court had overlooked the point that putting the union into receivership was an interim move before the appointment of new trustees of the union. Such trustees, including two Labour MPs, whose integrity and competence were not in doubt, had now been appointed.

The Appeal Court accepted undertakings from the NUM that no attempt would be made to fetter or interfere with the union's trustees in the performance of their duties, which will include the conduct of the pending legal actions.

The breakaway Union of Democratic Mineworkers also agreed yesterday that £36,000, which the High Court ordered it should receive from NUM assets, will be held by the court while a decision is made on who owns it.

Times journalists vote against strike

BY HELEN HAGUE, LABOUR STAFF

MEMBERS OF the National Union of Journalists at The Times have voted by more than two to one in a low poll not to strike over the sacking of six colleagues who have refused to work at News International's plant in Wapping, east London.

The ballot result, announced yesterday, is a blow to the NUJ leadership and the print unions. A vote for industrial action would have put pressure on News International to reopen talks to end the main dispute at Wapping, in which 5,500 workers were sacked in January.

Mr Eric Hammond, general secretary of the electricians' union, the EETPU, has flown to the US to meet Mr Rupert Murdoch, News International's chairman.

Times journalists were balloted on whether they were willing to take industrial action in the light of the company's alleged breach of the in-house disputes procedure in sacking six of the colleagues who refused to move to Waping.

Of a 39 per cent turnout, including journalists working on The Times supplements 63 voted against action and 30 in favour.

During the ballot, NUJ chapel (office branch) officials at The Times held informal talks with the company at the Advisory, Conciliation and Arbitration Service

As a result of the talks, Mr Charles Wilson, editor of The Times, drew up a circular passed to all NUJ members giving commitments that dismissed journalists would received fair compensation after the main dispute was settled; they would not be blacklisted; and that a new disputes procedure would be drawn up.

Mr Clifford Longley, The Times father of the chapel, (chairman), said yesterday: "The majority of Times journalists have obviously reserved their judgement, in the light of the complexities of the issues and the wider implications of the industrial dispute.

"To abstain on what was in many members' minds a test of confidence in the company is a shrewd message that will give comfort to no-one. Whether taking industrial action would have produced any more than the Acas talks is a very open question."

Mr Wilson has confirmed that a 10 per cent pay rise—already accepted by Sun journalists—is on offer to Times staff.

Mr Harry Conroy, NUJ general secretary said he was disappointed that Times members were not prepared to come out in support of sacked colleagues. The NUJ is producing a tabloid newspaper, to be circulated to all its members in Wapping, setting out the union's perception of the dispute.

NGA leader cleared of obstruction at Wapping

FINANCIAL TIMES REPORTER

MR TONY DUBBINS, general secretary of the National Graphical Association, was cleared yesterday of obstructing the highway outside the News International plant in Waoping, East London.

Mr Peter Badge, the Thames magistrate, dismissed the case against him and ordered police to pay £300 towards costs in the case. But he said this did not imply criticism of the police and said he would have awarded the costs from public funds if it had been possible.

Mr Dubbins, 41, denied the offence which was alleged to have been committed on March 23.

At an earlier hearing, police claimed Mr Dubbins sat in the road and linked arms with other demonstrators outside the plant in spite of a warning

Yesterday Mr Dubbins said he had no warning or order to leave before has was arrested. He said pandemonium broke out after police horses charged along the street and police wearing riot gear waded into the demonstrators.

He said he was faced with the choice of running into lines of police or sitting down as a means of protection. "I thought it was the safest thing to do. It was a quite incredible scene. People were very frightened. There was no purpose whatsoever. The lorries had already gone. The crowds would have dispersed.

APPOINTMENTS

Crane Fruehauf changes

At CRANE FRUEHAUF, the current managing director, Mr Basil K. Day, has been appointed chairman and chief executive officer, and Mr Tom H. Lynchy, marketing and planning director, becomes managing director.

★

THE LITTLEWOODS ORGANISATION has appointed Mr David Jones as associate director, food buying, in the chain store division. He joined from Amns Hinton & Sons where he was marketing and buying director.

★

The BBC has appointed Mr Cliff Taylor, at present deputy director of finance, in the post of deputy director, planning and resource management, television, from September 1.

★

Mr John Walson has been appointed managing director of Plumb Center, and also of WOLSELEY CENTERS which provides administrative and head office services. Mr Andrew Hulton becomes sales and marketing director of Plumb Center, and joins the board of Wolseley Centers.

★

Mr Richard Crowder, a director of J. Henry Schroder Wagg and Co. and managing director of Singapore International Merchant Bankers, is to join the SMITH NEW COURT GROUP as head of Far East operations.

★

STEETLEY BRICK & TILE has appointed Mr Arthur Barnard as marketing director, and Mr Mike Harris as sales director. Mr Barnard was marketing director of Hobart Manufacturing. Mr Harris joins from Cape Industries where he was head of the sales division of Cape Durasteel.

★

SILKOLENE LUBRICANTS has appointed Mr Adrian J. Parsons as group chief executive. Mr Richard G. Dalton has relinquished his post as managing director but continues as chairman. Mr Parsons also becomes chief executive of the group's principal operating subsidiary, Dalton and Co.

★

Mr Michael Franks has been appointed chairman of CALENDARS & DIARIES OF BRISTOL following the resignation of Mr A. F. M. Harbottle, who is continuing as a non-executive director. Mr Franks is chairman of Schwarzkopf.

★

Mr James Hann has been appointed chairman of WEBCO GROUP, Aberdeen. He was managing director of Seaforth Maritime, and is chairman of Exacta Circuits. Mr Hann succeeds company founder Mr George Webster, Snr., who becomes president. Mr George Webster, Jnr. previously a joint managing director responsible for the maritime systems division, becomes group managing director. Dr Graeme Speirs, previously joint managing director responsible for the nilfields products division, has been appointed director of manufacturing and research and deputy managing director. Ms Jill Webster, has added planning to responsibilities for quality assurance and quality control, becoming director of quality and planning. Mr Nick Atkins, responsible for sales and marketing, has been appointed marketing director. Mr Mike Chilton, group financial controller, has also been appointed company secretary.

★

MARINE MIDLAND BANK, New York, has restructured its London branch to focus primarily on capital markets activities. Mr Douglas Lowings has been named general manager from July 1. Mr Lowings, who was appointed general manager for the bank's financial markets division in London in November, 1985, was previously manager of international treasury for Marine in London.

Mr Nicholas Cobbold has joined the WRIGHTSON WOOD GROUP as an executive director of Wrightson Wood. He was formerly chairman of E.R.I.C., and a director of a number of companies within the Worms Group.

★

Mr Jeremy G. Thorn has been appointed commercial director of BRITISH ROPES, Doncaster, the major subsidiary of Bridon. He was sales and marketing director of the industrial division of Spear and Jackson (Industrial).

★

Mr Ken Johnson has been appointed chairman of MARK WONG & ASSOCIATES (UK), a subsidiary of MWA (Holdings), Hong Kong-based China project consultants. Mr Johnson was overseas director of Dunlop Holdings. He is currently chairman of Black & Edgington Industries and a member of the board of Crown Agents.

★

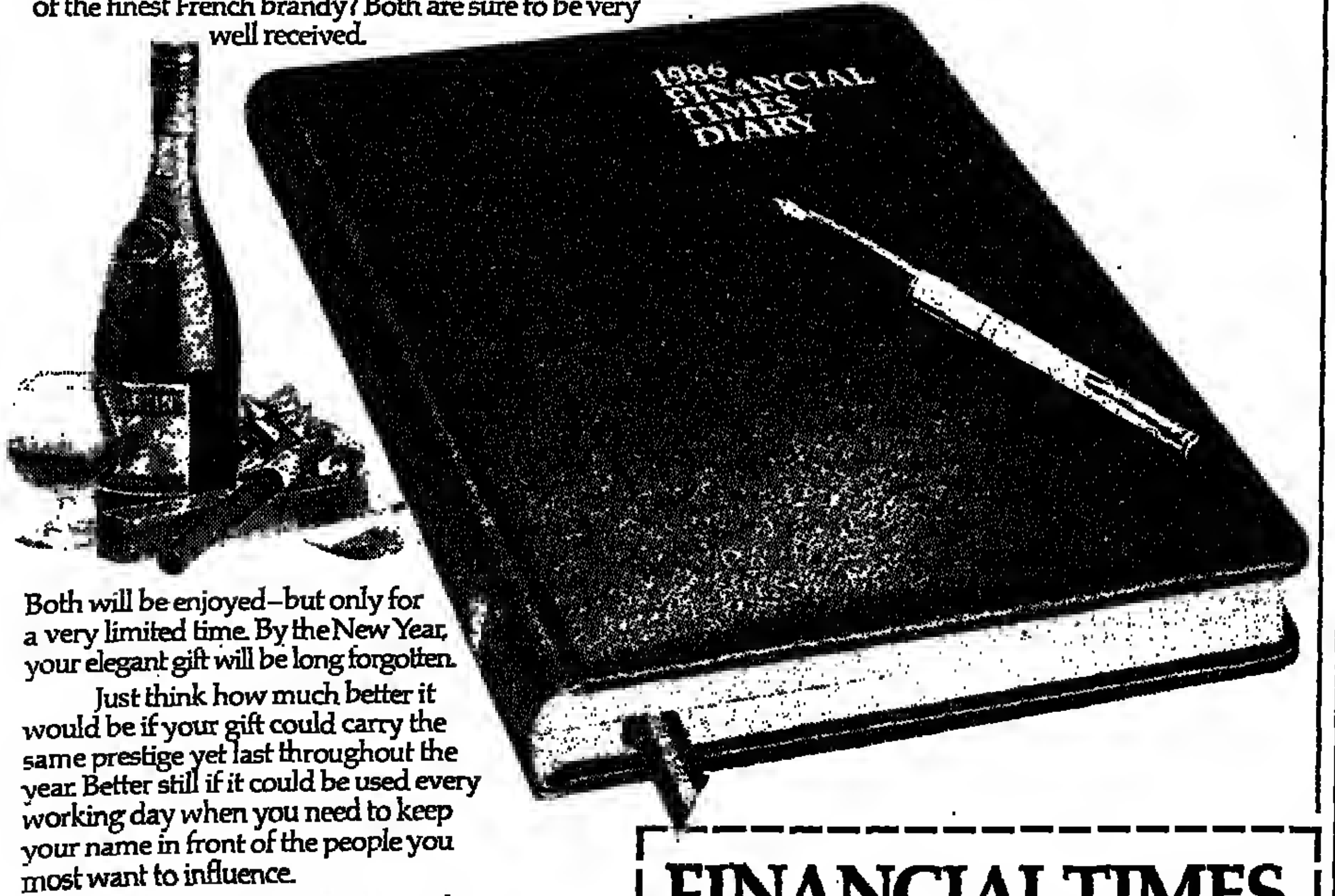
Mr W. Trevor Robinson, executive vice president, London, of MANUFACTURERS HANOVER TRUST COMPANY who has been responsible for commercial banking operations in the UK and Ireland since 1978, will retire on September 30. He will be succeeded by Mr Paul J. Maloy, senior vice president. Mr Maloy was a managing director of Manufacturers Hanover international merchant bank.

★

Mr David J. Muirine has been appointed to the board of EPJ TEAM PUBLIC RELATIONS.

★

Mr Steve Gebbett and Mr Robert Keen have been appointed managing directors of CHARLES BARKER LYONS, main public relations company of the Charles Barker Group. Mr Gebbett becomes managing director of the consumer marketing division, and Mr Robert Keen managing director of the corporate affairs division.



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Mission to South Africa

THE South African story is beginning to have its comic as well as its tragic aspects. The meeting of the European Council in The Hague ended yesterday with an agreement that the 12 members of the Community might introduce limited economic sanctions within three months, dependent on the success or failure of a mission to South Africa by Sir Geoffrey Howe, the British Foreign Secretary, and consultations in the meantime with other industrialised countries.

What are the South African authorities, the country's black leaders, the Commonwealth or indeed anyone else supposed to make of that? If the South African Government is playing for time, as there is no good reason to suspect that it is not, it must be openly delighted that the critics of apartheid have once again failed to unite. There are another three months to play with, and perhaps more to come. If those who wish to accelerate reform in South Africa cannot agree on action this summer, what reason is there to think that they will be any more decisive in the autumn?

We have been here before, several times. South Africa is a past master at prevarication. The negotiations on the future of Namibia have been strung out for years. Even where South Africa has reached agreement with its neighbours, such as Mozambique, it has systematically undermined them. What is surprising is that Western Europe, and particularly Britain, should continue to take South Africa at its word and believe that change for the better is just around the corner, despite the evidence.

The Eminent Persons Group, which reported this month, was set up after the Commonwealth Conference last year in an attempt to bring the parties in South Africa together. Its report is devastating. It sought to initiate, in the context of a suspension of violence on all sides, a process of dialogue across lines of colour, politics and religion, with a view to establishing a non-racial and representative government. It concluded: "There is no such prospect in view."

Clear logic

The chances of Sir Geoffrey Howe succeeding a few weeks later where the Eminent Persons Group so conspicuously failed are remote. Sir Geoffrey is a decent and clever man, but he is not a Henry Kissinger and he must know the odds are stacked against him.

Indeed, it begins to look as if the British are playing for time quite as much as the South Africans. The formation of the Eminent Persons Group was itself an effort to stave off a little longer the demand for sanctions. A number of Commonwealth leaders are due to meet in London in early August to discuss its findings. After the publication of the report, the clear logic was that it would have no choice but to recommend the implementation of some form of sanctions.

The results of The Hague meeting mean Britain has skipped free again. The three-month period of grace while Sir Geoffrey undertakes his mission, and other industrialised countries are consulted, makes nonsense of the Commonwealth time-table. It does not mean, however, that Commonwealth pressure will necessarily relent. It is all too likely to be stepped up.

The terms Sir Geoffrey will be seeking are almost identical to those sought by the Eminent Persons: the release of Mr Nelson Mandela, the leader of the African National Congress, and other political prisoners, and the opening of a dialogue between the authorities and the black majority. As the Eminent Persons' report makes clear, all discussions on this subject broke down because the South African Government wanted to impose unacceptable conditions. There is very little reason for President Botha to change his mind now he has seen that the European Community is a paper tiger.

Special position

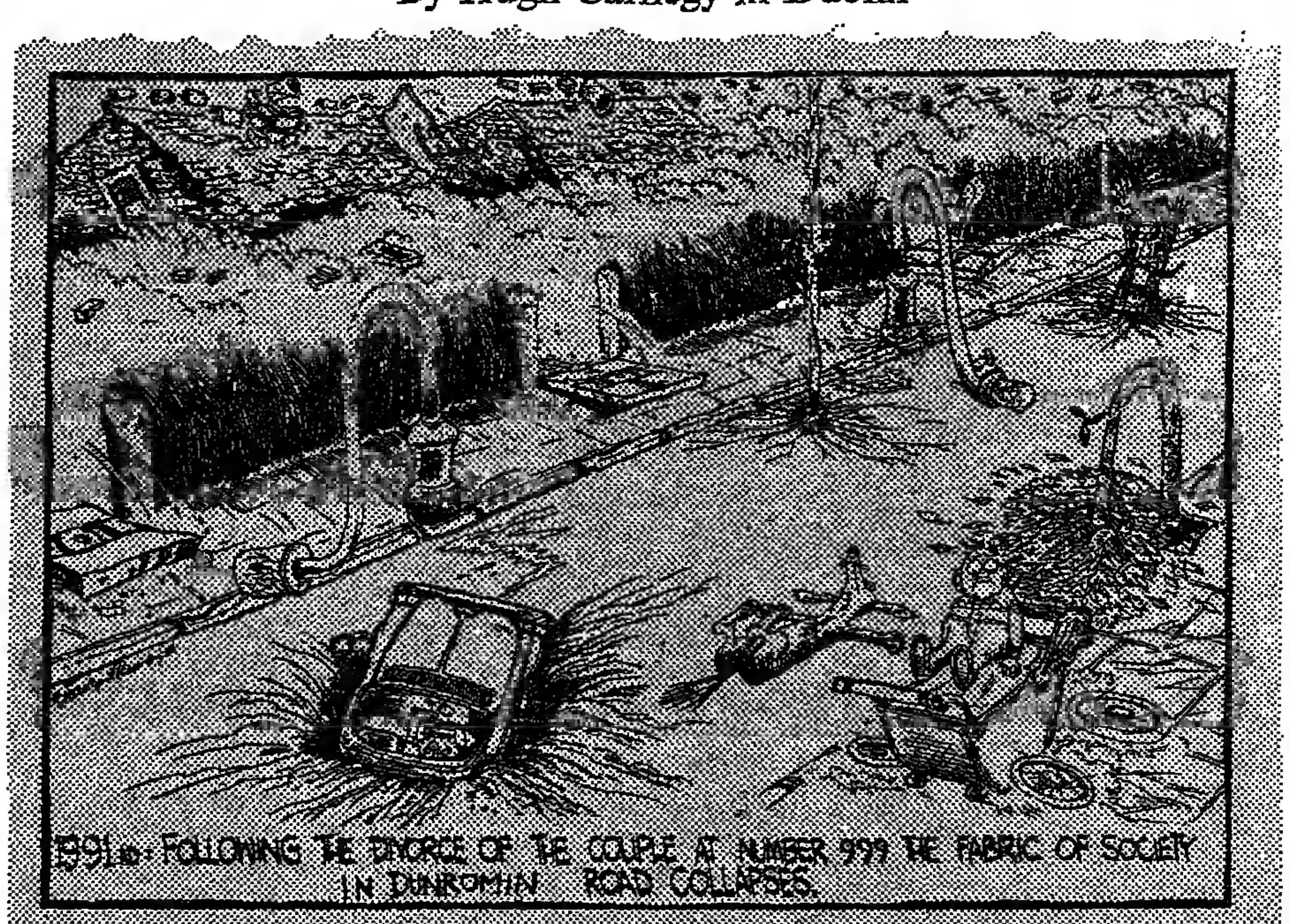
Moreover, as time goes on, there is even less reason for the black majority to seek to negotiate on terms acceptable to the Government. The repression in South Africa in the last few weeks has become worse. Black leaders must be losing the hope that outside opinion is behind them in any meaningful sense and there is always the possibility that black movements will quarrel among themselves to the point where there is nobody for the South African Government to negotiate with. If it really wants talks, the sooner the better, even from its own point of view.

Britain has been in a special position throughout: a leading member of the Commonwealth with close associations with South Africa, a member of the European Community of which it is about to assume the presidency, best ally of the US and a permanent member of the UN. With all those advantages it ought to have been possible to have taken a lead, whether by seeking to persuade South Africa to change earlier or in seeking unity behind selective sanctions. Instead, the country is being dragged kicking and screaming into sanctions that now look inevitable, but are even less likely to have the desired effects because the situation has deteriorated while Britain has fudged. This is not Mrs Thatcher at her best.

IRELAND'S DIVORCE REFERENDUM

A crusade that failed to convert the faithful

By Hugh Carnegy in Dublin



Cartoon by Martyn Turner of the Irish Times

"THE truth is that after the vote, however it goes, the sole issue of importance will be what that vote will tell us about ourselves and our commitment to the process of change, change essential in the Republic to fulfil our part of the bargain represented in the Anglo-Irish agreement."

That was Professor Kevin Boyle of University College, Galway, a respected commentator on Irish affairs north and south, writing in the Irish Times earlier this week. He was making a powerful appeal, though as it turned out a vain one, for a "yes" vote in Ireland's divorce referendum. Yesterday, results showed that the proposal to introduce divorce had been rejected by an overall margin of about three to two.

As the referendum campaign progressed, the arguments centred mainly on the alarmist anti-divorce case—that allowing remarriage would impoverish women, threaten property and succession rights and undermine "the fabric of society" in the Republic. It was easy to forget the wider dimension of what the shape of that society meant in an all-Ireland context.

Indeed, only in the last few days, as the polls showed victory slipping away from the Government, did supporters of the constitutional amendment resort to the argument summed up thus by Professor Boyle: "If we say no to tolerance and yes to majority rule, why should the British push the Unionists further along a path we are not ourselves prepared to go?"

The issue of building a truly plural society in the Republic, 96 per cent of whose population is Roman Catholic, to create the conditions under which mainly Protestant Northern Ireland might at last contemplate Irish unity is central to the political motivation of Dr Garret FitzGerald, the Prime Minister. In 1981, he committed himself to a "constitutional crusade" to help achieve it and the issue of divorce was an important feature of this.

What, then became of the crusade and, now that it has run into the sand, what can be said about the prospects for change in Irish society away from a Catholic dominated ethos?

Dr FitzGerald proclaimed his "constitutional crusade" during his first, brief spell as Prime Minister. As the son of a northern Presbyterian mother and a southern Catholic father —both Republicans who fought in the 1916 Easter rising—Dr FitzGerald felt strongly that a large part of the problem of Ireland was that, since partition in 1921, the South had become a Catholic-dominated, sectarian state in which the Protestant minority had dwindled sharply.

It was far from the "true" republic envisaged by Wolfe Tone, the 18th-century Protestant who fought for an Ireland in which Catholic, Protestant and dissenter were united. "If I was a northern Protestant today, I can't see how I could aspire to getting involved in a state which is itself sectarian in the acutely sectarian way Northern Ireland was, in which Catholics were repressed. Our laws, constitutions and our practices are not acceptable to the Protestants of Northern Ireland," Dr FitzGerald told a radio interviewer in September 1981.

At that time, "Garret the Good," as he is sometimes affectionately called, talked in terms of a comprehensive re-drafting of the constitution introduced in 1937 by the first and most revered Fianna Fail leader, Eamon de Valera. That would have meant dropping Articles Two and Three, which claim the territory of Northern Ireland, as well as provisions such as the divorce ban which reflected Catholic influence on the 1937 charter. Until 1972, the Constitution acknowledged the "special position" of the Roman Catholic church in Ireland.

The "constitutional crusade" was not the first step taken by Dr FitzGerald, himself a practising Catholic, to distance church from state in order to create a society acceptable to northern Protestants. Mr John Cooney, political correspondent of the Irish Times, reveals in a new book (*The Crozier and the Dail, Church and State 1922-1986*, published in Ireland by Mercier Press) that Dr FitzGerald, then the foreign minister, secretly visited the Vatican in 1973 and 1977 to argue his case that there was a special dimension in Ireland to the issues of mixed marriages, divorce and contraception.

Not much came of this initiative and Mr Cooney's book illustrates the trenchant position towards changes in these areas adopted not just by the Church but by many senior politicians down the years.

An attempt to introduce divorce just for Protestants in 1925 was squashed by the Prime Minister of the day, W. T. Cosgrave, who had consulted on the matter with the Catholic Bishops. "The majority of the people of this country regard the bond of marriage as a sacramental bond which is incapable of being dissolved," he declared.

The poet W. B. Yeats, a Protestant and passionate Republican, replied prophetically in the Senate: "If you show that this country, Southern Ireland, is going to be governed by Catholic ideas and by Catholic ideas alone, you will never get the North. You will create an impassable barrier between south and north. . . . You will put a wedge into the midst of this nation."

> Much of the force for change is due to the fact that nearly half the population is under 25 years of age

In 1950, a bill proposing free medical care for mothers before and after childbirth was objected to by the hierarchy which said the right to provide for the health of children did not belong to the state. Prime Minister John Costello said he would follow the Church's social and moral teching "without qualifications" and the proposal was withdrawn.

Twenty years later, a system of social services had developed but controversy increased over the issue of contraception. In 1974, a move to legalise the import of contraceptives was defeated in Parliament when Mr Liam Cosgrave, the then Prime Minister and six Fine Gael deputies voted against a bill introduced by their own Fine Gael-Labour coalition. Mr Haughey's response as Fianna Fail Minister of Health in 1979 was what he called "an Irish solution to an Irish problem." Contraceptives would be available, but only to married couples on prescription.

It was against this background that Dr FitzGerald conceived his constitutional crusade but, to the derision of northern Unionists, it has not flourished, despite a constitutional consensus achieved among Nationalist parties at the New Ireland Forum in 1984 and the Anglo-Irish agreement that was its consequence.

Dr FitzGerald was not even able to hold out the prospect of removing Articles Two and Three when he signed the Anglo-Irish agreement which for the first time gave Dublin a formal say in the North's affairs. Such an undertaking might have effected Unionist reaction to the accord, but Dr FitzGerald knew that, with Fianna Fail bound to object, he would not be able to deliver.

He also got in a tangle in 1983 over a commitment to introduce an amendment enshrining in the constitution a ban on abortion, which was already illegal.

The Catholic Church led a strong campaign for the amendment which was carried in a referendum on a low turnout by a majority of two-one. Dr FitzGerald, who had given an election promise to hold the vote, came out against the amendment on the grounds of its wording which reflected Catholic doctrine. The Protestant churches generally opposed the abortion amendment saying it should not be a constitutional issue.

Two years later, Dr FitzGerald did succeed in getting a bill allowing the sale of contraceptives through Parliament but in the meantime there had been more upset.

This was during the New Ireland Forum. In their submission on pluralism, the Catholic hierarchy said: "A Catholic country or its government, where there is a very substantial Catholic ethos and consensus, should not feel it necessary to apoligise that its legal system, constitutional or statutory, reflects Catholic values."

Clearly the stance of the Church, backed, it should be said, by a solid following among politicians and the public, has proved a serious stumbling block to attempts to heave Church and state apart. But equally, there are forces for social change at work and the Church has not been completely impervious to these.

Bishop Joseph Cassidy, of Clonfert, spokesman for the Catholic bishops, said during the divorce campaign: "It is sometimes mooted abroad that what the Catholic church wants here is a theocracy. That is not true. We welcome the separation of church and state. It is not a question of force-feeding people on Catholicism. Our role is not a dictatorial one, but we have a duty to teach."

Much of the force for change can be traced to population trends in Ireland. The 1981 census showed just under half the total population of 3.5m was under 25 years of age. These youngsters are everywhere apparent on the steets of Dublin, where about half the population lives. Outwardly at least, they appear and behave little differently than young people anywhere in Europe or the West and are fully exposed to what Bishop Cassidy called "The Gulf Stream culture."

Professor Jerry Sexton of the Economic and Social Research Institute in Dublin, says the effect of this hulge of people brought up in a more liberal atmosphere will be felt over the next decade or so

Already, he has detected trends which show the effect at least of contraception. The number of births fell from a peak of 74,000 in 1980 to 62,000 in 1985. In terms of births per thousand head of population, the figure fell from 21 in 1981 to around 16 now, closing fast on the European average of around 14. As a result, the size of families is falling.

In the last six months, a new political party, the Progressive Democrats, has made a dramatic impact, attracting many younger people to its theme of "building a new Republic" by breaking with past political traditions based on the civil war of the 1920s, separating church and state and reducing the state's role in society. The Progressive Democrats were founded by Mr Des O'Malley, who was thrown out of the state's biggest party, Fianna Fail, for favouring Dr FitzGerald's contraceptives bill. The party now has five members of the Dail and about 15 per cent support, according to polls.

Professor Sexton, however, injects a note of caution against assuming a speedy change in attitudes. Perhaps partly because of economic recession, he says, the liberal tide has slowed in recent years. "There are changes. When I was at university in the 1960s I couldn't have envisaged a climate in which divorce could be discussed. Later I thought the sheer weight of numbers would ensure liberal change, but now I'm having doubts. There are definite signs of a slowing down."

Yesterday's firm rejection of divorce would seem to be one of those signs which could become yet another obstacle in the path of reconciliation in Ireland.

Woman in the News

Lynda Chalker

Maggie with a touch of Shirley

By Peter Riddell

MINISTERS of State at the Foreign Office are normally neither seen nor heard at Westminster. Their job lies in the quiet backwaters of diplomacy.

Yet over the past fortnight Mrs Lynda Chalker has achieved a prominence — and to some Tories a notoriety — rare for the number two at the Foreign Office, though perhaps less surprising for someone tipped to be the next woman in the Cabinet.

The very mention of Mrs Chalker's name arouses the fury not of the Opposition but of the Conservative side of the House —illustrating the old adage that in Parliament, you face your opponents but your enemies sit behind you.

Not only did she dare to mention the possibility of one person-one vote in South Africa but she held the first ministerial meeting with a leader of the African National Congress, Mr Oliver Tambo.

If all this was not enough, Mrs Chalker had to take on the anti-EEC group on the Tory right over the bill extending the powers of various EEC institutions. By the time the Commons rose yesterday afternoon, she had been sitting on the front bench for nearly 13 hours (less 27 minutes) patiently and good-humouredly enduring the teasing and jibes of her anti-market colleagues.

Afterwards, she sat eating Club biscuits, her first meal for a day, Mrs Chalker argued that her opponents were still fighting the battles of 1972 when Britain entered the EEC. She noted that one speech had included the repetition of the same point eight or nine times.

Her main battles recently have been over South Africa. Mrs Chalker denies having had any personal influence over the recent British initiatives. It was, she says, "a different lady who decided that I should see him (Mr Tambo)."

Indeed, she naturally stresses her role as part of a team putting forward ideas to Sir [illegible] the Commons, Mr John Biffen, has described in characteristically Victorian terms as "a forward policy on South Africa, since she makes no secret of her abhorrence of apartheid.

She also stands by her remarks in last week's Commons debate on South Africa when she said Britain could "not support a society that does not give a democratic vote to each and every one of its people." This provoked the anger of the Tory right, condemning "that woman" in a personal protest to the Prime Minister herself.

Mrs Chalker said her critics were trying to read too much into her words. "It is right, believe there should be some form of democracy in other countries." She says a non-racial democracy is a necessary part of British aims and is unrepentent in quoting the words from Hamlet which her mother spoke to her as a teenager. "To thine own self be true."

Mrs Chalker notes she has never received so many letters from Tory MPs, mostly favourable. Her critics, she feels, want to hold onto something which has moved on. Sir Geoffrey has backed her throughout, though Mrs Thatcher (whom, she says, "has the most difficult job") might "have wished her to say something . . .

She defends the Tambo meeting by comparing it with the discussions of her predecessor, Mr Douglas Hurd, with the PLO. If you are trying to resolve problems, she argues, you have to sit down to listen to other people's views.

Mrs Chalker has only been at the Foreign Office since the post-Westland reshuffle five months ago. She says people have come to expect her to do things and to having an open door to meet people.

Mr Nicholas Ridley, her former boss, while they were both at the Department of Transport, wondered aloud recently whether she was enjoying her sabbatical at the [illegible] he really could not know how things had changed there. Indeed Mr Ridley used ruefully to note that outsiders always thought Mrs Chalker was in charge of Transport and not him.

But Mrs Chalker has always been a hustling sort of politician. To those who do not like her, she is ambitious, bossy, interfering and wishy-washy. One commented that you can always tell someone by a period in their life and she had been marked by her time as head girl of Roedean. She then moved up the Tory hierarchy as a Young Conservative, and as a professional statistician for various large business organisations before entering the Commons for Wallasey in February 1974.

All this may suggest a Thatcherite approach, but she is rather more in the Shirley Williams mould of caring and concern. At her best Mrs Chalker mixes the determination and energy of the former with some of the disarming charm of the latter; perhaps she also has a touch of the faults of both.

Aged 44, she has been a minister since 1979, first in Social Security and then in Transport. She has earned a reputation as hard working and a sympathetic listener in helping to improve value for money in road building and as a prominent advocate of better road safety.

With this record, Mrs Chalker appears an obvious candidate for eventual promotion to the Cabinet, despite being seen, possibly to an exaggerated extent, as rather on the wet side of the party.

Recent events may have heightened her profile but may not have accelerated this move in spite of favourable references in the past from Mrs Thatcher. Meanwhile she has no respite. She was up at 5.15 am this morning to be off to Gatwick to receive the two British engineers just released in Nigeria—not exactly the life which Lord Pal-

BRITAIN'S NEWSPAPER REVOLUTION

A boost for the barons

By Raymond Snoddy

THE MOST radical shake-up this century in Britain's national newspaper industry has not yet run its course—judging from the appointments register in this week's issue of UK Press Gazette, the trade newspaper of journalism.

Among advertisements for an assistant press officer for Buckinghamshire County Council and a versatile radio journalist for Radio Viking there is one for an editor for News on Sunday, "the new independent radical national Sunday newspaper launching in spring 1987."

On another page a discreet advertisement with a box number seeks correspondents in all parts of Britain for a new national daily newspaper.

But the heady times around the turn of the year when a new plan for a national or London daily seemed to pop up almost every day are over.

The disappointments of Mr Eddie Shah's first 100 days of Today have introduced a new note of realism. There is a growing awareness that the main beneficiaries of technological revolution in Fleet Street, which is transforming manning levels and costs, could be the established titles.

"There is a note of caution. Anyone has to be cautious because of what has happened in the marketplace. What has been demonstrated is the strength of the franchise of existing titles," says Nicholas Leonard, a director of Independent Newspapers of Dublin, who hoped to launch a new UK Sunday newspaper this spring.

He still hopes to launch his new newspaper, working title the Sunday Globe, next spring, but concedes that although trends in technology and available printing capacity are still running in his favour "going to the City cold with a new newspaper idea at the moment is not a terribly sensible idea."

Doubts are also growing over plans by the Chequepoint finance group, which runs retail foreign exchange businesses in five countries, to launch a new London evening. Mr William Thomson, chief executive of the London News project has left the company and Chequepoint says it has yet to finalise its development plans. The company, however, insists the project is still alive.

Chequepoint recently announced that its London Week publication, aimed at tourists, was being temporarily withdrawn pending a relaunch this winter.

One possibility is that London Week might be reborn as the London News.

Mr Shah, rescued by Mr Tiny Rowland's Lonrho earlier this month, has also been forced to set aside elaborate plans to launch a quality daily to rival The Guardian and a string of evening newspapers. Instead, he has a gruelling fight on his hands to raise Today's circulation from its present 400,000 to the 800,000 to 1m figure that will seriously interest advertisers.

Mr Robert Maxwell, publisher of Mirror Group Newspapers, who was talking volubly in January about launching a new colour daily, Good Day and a weekly Woman's Mirror in newspaper format is quieter now.

Mr Maxwell does, however, seem to be in deadly earnest in his plans to launch a new London evening, the London Daily News in mid-autumn, possibly printed initially on Mr Shah's colour presses.

"The cost revolution makes people look at the opportunities, but there has been no revolution in the marketplace. The barriers to entry are the established brands, products called the Daily Express and the Daily Mail," says Mr Derek Terrington, an analyst with Phillips and Drew. He believes that apart from Today, Mr Maxwell's Daily News and The Independent, due to be launched by former Daily Telegraph journalists in October, it is difficult to see any other serious runners in the New Newspaper Handicap stakes.

Ironically, one of the main things Mr Eddie Shah has proved so far is how powerful the link can be between a newspaper and its habitual readers—an extension of personality as well as a product.

He has also proved how fast the existing proprietors can move when they see their territory threatened or notice a window of opportunity to make dramatic savings.

Mr Maxwell made the first breakthrough with more than 2,000 redundancies and early retirements agreed at the end of last year.

United Newspapers reached agreement to shed 2,500 jobs without disruption. The deal cost United £60m, but is saving the company £50m a year. And Mr Rupert Murdoch's move to "Fortress Wapping" is believed to be saving News International between £50m and £70m a year on its four national titles.

The pickets may be still outside the gates shouting "scab," but News International believes it has an efficient operation strong enough to see off new predators.

"There is an enormous dependence on the editorial team. It is very difficult to pluck people from other jobs and get them working together as a team," says Mr Arthur Brittenden, a director of News International and a former editor of the Daily Mail.

Mr Andreas Whittam Smith, editor of The Independent thinks differently. He is engaged (successfully) in plucking as many experienced journalists from other jobs—many of them from The Times—as he can.

"The strength of existing titles has not yet been properly challenged," he says. His challenge will begin in the first week of October after a month of dummy production runs and detailed research to see how panels of potential readers take to a politically independent newspaper targetted at up-market 25 to 40-year-olds.

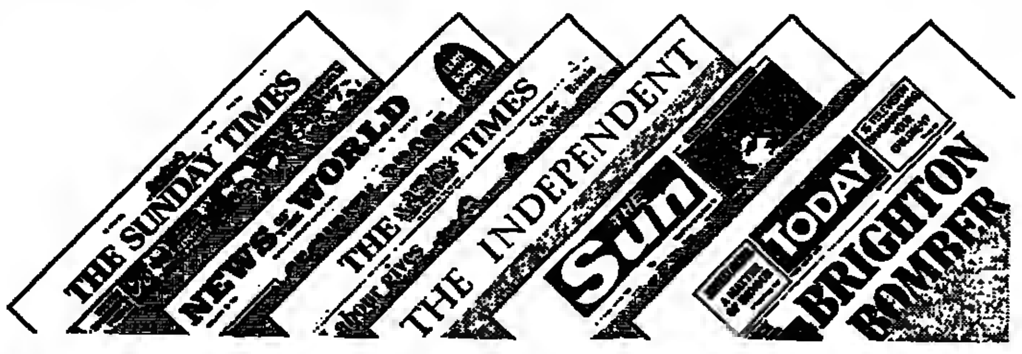
"It's an open question whether narrow targetting will pay off in newspapers as it has in magazines," says Mr Whittam Smith.

But two weeks before The Independent is due to hit the streets another new paper, Sunday Sport, is to be launched by Mr David Sullivan, chairman of Apollo, publisher of pin-up magazines.

A progressive launch tied to independent television regions will be over the following four to six months.

He believes he has found an uncatered-for gap at the bottom end of the market offering sport, pop, soap opera, news in brief and at least 10 "page three" girls per issue.

"We think there is a gap there. Only time will tell," says Mr Sullivan, who is financing the £1.5m venture internally.



RADICAL PRODUCT THAT COULD BE A SUCCESS

ONE of the success stories of the "Newspaper Revolution" could be a "radical, left of centre" Sunday paper, the brainchild of a former Financial Times statistician, which next week begins trawling the City for a final £4m of equity investment aiming for a March launch, writes David Goodhart.

The News on Sunday management, led by chief executive Alan Hayling, formerly of the BBC and GLC, admits that Today's disappointing start has made their job more difficult.

Their City presentations will therefore lay the stress on how they differ from Today and indeed The Independent.

The history of mass circulation left-wing papers in Britain does not provide grounds for optimism. They have either been forced to abandon their principles in order to compete in the circulation war, like the Mirror, or have found the stigma of being an "official organ" of some labour movement body too difficult to shake off, like the Daily Herald.

The News on Sunday is now the standard-bearer of the claim that the current transformation of newspaper production can disturb the traditional right-ward political slant of the British press.

It is a view widely ridiculed by "realists" of Left and Right. But Mr Hayling—backed by Nick Horsley and CND-supporting chairman of Northern Foods and News on Sunday—concentrates on dispelling the idea that the management will be dragged down by ideological purity and committee decision-making and insists that the company will be run as undemocratically as any normal business.

With £80,000 from the Greater London Enterprise Board the management hired Research Surveys of Great Britain to carry out a feasibility study which told them they should not try to take on The Observer—whose readers are exceptionally loyal—but should slot in between the Sunday Mirror and the Mail on Sunday. Target circulation remains 800,000 rising to 1.1m by 1990 at which point it should be making £2.9m pre-tax profit. Break-even is 650,000.

Distinguishing them from Today they have market research based on an actual dummy issue of the paper and a radical direct input agreement with the NGA (they will be printing under contract with the Telegraph).

They have also had a head start financially with £2.5m pledged from unions (£1m from the Transport Workers) and local authority pension funds. They want another £4m of equity and £8.5m altogether.

They will not be without problems. The editorial budget looks a bit thin and the attempt to redesign the "news values" of Sunday tabloid journalism to be both popular and radical is a big task. Nevertheless, they take heart from the fact that many of the criticisms of Today, and worries for The Independent, focus on their undistinctive soggy-centrism. News on Sunday aims to have something to say.

Victory to Italy in soccer's star wars

By David Goodhart

WHATEVER THE outcome of tomorrow's final, the 1986 World Cup has unquestionably belonged to the Argentine captain Diego Maradona.

Even Sir Stanley Matthews, perhaps the greatest English footballer, regards Maradona as the outstanding player of the modern age while wishing, perhaps anachronistically, that the Argentinian had owned up about the movement of the right forearm which shattered England's cup hopes.

English fans can half console themselves with the clear injustice of that goal. But English soccer suffers a more permanent denial which has also been highlighted during this World Cup.

As the market in soccer stars has become increasingly international in recent years, England has begun to take on the role of a third world primary producer: exporting its home-grown soccer talent to survive and unable, with a few exceptions, to attract the most exciting talents from abroad.

The first world magnets are Spain and, most of all, Italy. The Italian league has in recent years robbed British fans (at least briefly) of the sight of such players as Liam Brady, Trevor Francis, Ray Wilkins and Mark Hateley. It has also been an irresistible lure to dozens of players from Latin America and the rest of Europe.

Almost all the very top stars of this World Cup are to be found playing in the Italian first division: Maradona himself (Naples); Michael Laudrup of Denmark (Juventus); Michel Platini of France (Juventus); Karl-Heinz Rummenigge (Inter-Milan); and Hans Peter Briegel (Sampdoria) of West Germany; and Zbigniew Boniek of Poland (Roma).

The first English footballer to play in Italy was Eddie Firmani, a Londoner of Italian descent, who left Charlton Athletic and austerity Britain in the late 1940s.

But it was John Charles, the gentle giant of Swansea, who was the first Briton to win a special place in Italian football through his partnership with the tiny Argentine Omar Sivori at Juventus in the late 1950s. After him the trickle began—including such players as Jimmy Greaves and Denis Law, many of whom did not settle as Charles had done.

Why is it that Italy has for so long been able to lure the world's most entertaining players? The answer is, simply enough, money. Clubs like Juventus and AG Milan have offered huge transfer fees to foreign clubs and, just as important, exorbitant salaries to players.

At first sight this seems surprising. It is true that Italian first division football is better supported than its English counterpart—both countries had average gates of 30,000 in 1971, Italy now has 39,000 and England 20,000, and Italy has 10 clubs in the top 21 crowd pullers in the world (England has two—Liverpool and Manchester Utd.).

Yet despite this Italian soccer appears to be in as big a financial mess as English soccer. In the 1983-84 season Juventus was the only senior club to make a profit of more than $20,000. All but three others made a loss, and AG Milan, the fifth best supported club in Europe, is said to have debts of at least 10m.

So how can the Italians afford the huge annual salaries of over £1m that are paid to stars like Maradona and Rummenigge, not to mention transfer fees such as the $5.5m that Sampdoria paid to Como for Gianfranco Matteoli or the $7.5m Naples paid Barcelona for Maradona?

One reason is that they are not as broke as they seem. For tax purposes many clubs run at an annual loss but have considerable assets. Second, there is a long tradition of big business bank-rolling the major clubs. The most famous example is Juventus which is actually a subsidiary of Fiat.

That, however, is unusual. More often the corporate connection runs through a glory-seeking local industrialist or tycoon in the presidential chair who channels his own or his company's money into a club and particularly into the financing of big star acquisitions.

Commercial sponsorship has also been established for longer in Italy and sponsors have been known to fork out for big signings. Last year Juventus received over $1m from Ariston and Verona just under $1m from Canon in sponsorship fees.

What, if anything, can Britain's declining football industry learn from the Italian experience? Some would argue, not very much. Its chronic financial instability and regular corruption scandals may make it more flamboyant but not much of a model. And despite the foreign stars, the standard of football is, if anything, slightly lower.

Nevertheless there are features of Italian soccer which appeal to the increasingly vocal reformers in England who realise we have too much football played by too many clubs chasing too few fans.

Italy has only two professional divisions compared with England's four and its first division has 16 clubs compared with England's 22.

Italian stadiums are also far more intelligently used. Many of them are municipally owned and in some of the big cities where there are two clubs—such as Turin, Milan, Rome and Genoa—they share use of the main stadium.

England is belatedly following suit. From the 1987-88 season, the 1st Division is shrinking from 22 to 20 clubs. Charlton Athletic was last season forced to use the stadium of its near neighbour Crystal Palace and four other clubs may soon follow.

The threatened breakaway super league, however, has receded after the financial cake was redivided again in favour of the bigger clubs and the Football League voting structure has been changed to prevent a veto on radical reform from the third and fourth divisions.

But it is unlikely to be enough to bring Maradona to Manchester United.

Maradona: going up in the world

Letters to the Editor

Financial Services Bill

From the Deputy Director, Consumers' Association

Sir,—Consumer organisations considered very carefully the likely consumer benefits of a register of salesmen and concluded that the disadvantages outweigh the benefits of registration. We think a register might be used as a means for restricting competition, and that the responsibility for probity, competence and training of salesmen should properly belong to the insurance companies. We made representations to the Minister accordingly. While we entirely agree with Mr Ratcliffe's view (June 24) that most consumer complaints about life assurance and pensions arise out of bad advice from salesmen, and that the question of competence must be addressed, there is no evidence to suggest, as does Mr Ratcliffe, that registration and licensing are the only routes to achieving the information and protection consumers need.

Rosemary McRobert.
14, Buckingham Street, WC2

Black government in Africa

From Mr F. Stark

Sir,—The real struggle in South Africa is no longer about apartheid, but about the overthrow of the present government and its replacement by black government, no doubt Communist, and supported by Soviet aims and arms.

How many of the world's do-gooders, at present mindlessly assisting to bring this about, have given any thought as to how few years afterwards it would be before the rest of the world was being asked to feed yet another starving totalitarian, mis-governed and Communist African nation?

And with the subjugation of Africa complete how many have asked themselves what would be the next target for the joint Communist/Black Power assault?

F Stark.
178 Southend Road, Wickford, Essex.

Heterogeneous societies

From Mr H. Price

Sir, — To attempt to bring radical change in South Africa by changing Afrikaner thinking is futile unless one attempts to understand the Afrikaner psyche. As in the case of Ireland, such an exercise is possible only if one has a regard for history. Your leader of June 24 (and other recent articles) is manifestly lacking in historical consciousness.

Since the early 19th Century, a distant British government has sought to impose its will on the recalcitrant Boers. Hence the Great Trek, two Boer Wars (Vryheidsoorloe or Freedom Wars), the concentration camps, Afrikaner Nationalism, apartheid, withdrawal from the Commonwealth, and the Republic. And now Britain is about to take up the bludgeon yet again . . . .

History suggests that only the most damaging sanctions would force the Afrikaners to change their ways. The consequences would certainly be catastrophic for black and white and self-defeating for the West. South Africa would default on her international debts (the first domino?), cut off supplies of strategic metals, disrupt the economy of the whole of sub-Saharan Africa.

An alternative to telling the Afrikaners what to do is to ask them how they see the way ahead. These people are not fools. They see the writing on the wall. But they have nowhere else to go, and unless they are offered a real say in their own future they will resist to the bitter end, and beyond — as they did in the Second Boer War. There are an awful lot of small arms in South Africa.

What should be offered? We should first look at other heterogeneous societies — India / Pakistan / Bangladesh, Israel / Palestine, Lebanon, Cyprus, Nigeria, Sri Lanka, Switzerland, Belgium. Of these countries, those that are a success have made provision for their different peoples in federal systems of government. Those that have been riven by war have attempted to impose a unitary state with no provision for minorities. The conclusions we should draw would appear to be obvious.

H. G. K. Price
31 Park Road,
Bakewell, Derby

Targets for sanctions

From Mr P. Walker

Sir,—In dealing with the issue of sanctions against South Africa, your editorial ("There is no alternative", June 25) made an all-too-common omission: it failed to mention the entirely arbitrary and hypocritical nature of such measures in singling out one particular country, something which the British Government seems singularly reluctant to point out.

Perhaps the proponents of sanctions will explain why, if they support action against South Africa on human rights grounds, they do not also call for similar measures against not a few members of the Organisation for African Unity. Or is the oppression of black by white somehow worse than that of black by black, white by white etc etc? South Africa presumably represents a softer target.

Perhaps, too, messrs Mugabe and Kaunda will explain why they expect the west to cease trading with South Africa while Zimbabwe and Zambia continue to do business as usual.

Few people would seek to justify apartheid on any grounds, but fewer still (including, it appears, your newspaper) seem prepared to risk upsetting various eastern bloc and third world countries by questioning their right to criticise South Africa. Given this general reluctance, I shall be pleasantly surprised if you publish this letter.

P. T. Walker.
2 Ashcroft Rise.
Coulsdon, Surrey.

Library lovers

From Shirley Anderson.

Sir,—The report from the Adam Smith Institute (June 23), that borrowing charges should be made in Britain's public libaries, warrants close inspection.

Whether the financial arguments in support of this idea are viable or not, they shouldn't be allowed to outweigh contesting arguments simply because they present the most easily measurable value.

Libraries are more than just repositories of knowledge, they are places of peace, sanity and hope: secure monasteries where anyone may enter and sit, and become part of a world of their own choosing. The atmosphere of a library exists only because the *trappings* of daily life have not been permitted to enter.

University libraries are large enough to accommodate half a dozen or more computers without detracting from the atmosphere, but the effect on a smaller library is devastating. The muted but insistent tapping of computer keyboards ensures that one remains well and truly in the Twentieth Century.

In a society where individuals are treated as economic units, and hope for the future lies in the latest treasury statistics, the value of a free library service should not be underestimated.

The institute says it is more urgent to raise cash for the expansion of the educational role of library and reference services, than to provide free library books. More urgent for millions of pensioners whose 40p pension rise would be halved, even on a reduced fee of 20p a book.

Surely not for the 3m unemployed, for whom a reduced fee of 20p would still have to vie with the price of a stamp or a bus fare.

I do not see how it can be more urgent for students, since they are at least served by their own libraries to a greater or lesser extent.

Is it more urgent for poor working people and their children? I think not when every penny has to be counted and spent on the basics of food and clothing. It appears then, that the expansion of the educational role of library and reference services is for the benefit of reasonably well paid workers and their children—people who can well afford to pay borrowing charges.

It is callous and unjust to deny the underpriveleged sections of society the only decent life that may ever be available to them — that of their imaginations.

Shirley E. Anderson.
34 Dorey Drive, Hollingdean, Brighton.

A great British pleasure

From Mr D. Potterson

Sir,—I am appalled that the Adam Smith Institute (June 23) should suggest library charges.

As a person who makes regular use of my well stocked and managed local libraries I am horrified at the suggestion of charges.

With taxes on earnings, and purchases still too high I feel "free" use of books is a must.

Local rates are unbelievably high and services low but please voice support for one great British pleasure.

D. Patterson.
1, The Porklands,
Hollywood Road, Belfast.

Heard around the palace

From Alison Grieve.

Sir,—Nigel Andrews (June 20) undoubtedly knows much about films, but less it appears, about the Bible.

If his reading had led him to persue the Old Testament, he would know that the cry "My God, My God why have you forsaken me" was first reported, not indeed by Saul as he correctly said, but by David himself (see Psalm 22) who might have heard it around the palace and noted it for future use.

Perhaps Mr. Andrews, if he weighty, should reread Matthew 7 verse 3, an interesting verse covering the problems of motes and beams.

Alison Grieve,
33 Codogon Road,
Surbiton, Surrey.

Typical phone costs

From the Corporate Director Chief of Operations, British Telecom

Sir,—Your editorial on June 26 adversely compared British Telecom's manpower levels with those of the Bell telephone companies in the US and our French counterpart. International comparisons can mislead and I suggest that, from a customer's point of view, whether British Telecom uses its own labour or contract labour is not a key concern. Customers are more likely to be interested in value for money; taking typical telephone usage patterns for small business and residential customers in the UK and recalculating the bills at the prices prevailing elsewhere provides more pertinent international comparisons.

In April 1986, for the typical UK small business bill, a New York customer could have expected to pay 16 per cent more and a French customer 23 per cent more while, for a typical UK residential bill, a New York customer could have expected to pay 6 per cent more and a French customer 74 per cent more. These calculations are on the basis of exchange rates which take into account the relative cost of living in the countries concerned by using purchasing power parity indices.

An independent study last year by BEUG, the consortium of EEC consumer organisations, broadly confirms our comparison with France. Using typical European calling patterns, the British bill was £25.80 per month and the French equivalent £32.38.

J. D. T. Vallance.
81 Newgate Street, EC1.

Everything is not for the best

From Mr D. Distant

Sir,—Your June 14 edition carried an advertisement by British Gas which read "Alright then, where's our gas holder gone?"

I am shocked that as British an organisation as British Gas is not aware that "alright" is never spelt as one word—it should be separated, i.e., all right. This is clearly stated in H. W. Fowler's "Modern English Usage" dictionary.

If you fail to publish my letter you could well be instrumental in thousands of readers in the UK and overseas spelling the words incorrectly in the future. Now that is not all right, is it?

Denis W. Distant,
30 Ha Elok

Sheraton Securities in £10m cash call

PROPERTY developer Sheraton Securities International has announced a £10m one-for-four rights issue and an application for full listing after four years on the unlisted securities market.

The rights issue will comprise 22,808,620 new ordinary shares at 44p each compared with Thursday's closing price of 54p. According to chairman Henry D. Clarke jr, "the net proceeds of the issue will allow Sheraton to increase the size and number of its projects and to negotiate with greater freedom, so securing a greater share of profits from development."

The company made pre-tax profits of £2.32m in 1986, after £661,000 in 1985.

The total market value of Sheraton's current developments, when completed and fully let, would be around £150m.

Further developments should result from the purchase earlier this year of Dickerage Properties and Coversham Bridge Group, the costs of which were realised by the issue of som 7,225,746 shares.

Dealings in the new shares will begin on July 15 and the latest date for acceptance and payment will be August 5. Underwriters are the English Trust Company and the brokers Rome & Pitman.

Sale Tilney

Sale Tilney has acquired Ivor Burt and Sons, a holding company whose principal subsidiary is Intersure International Insurance Brokers. The consideration was for a total of £1.66m.

Of the consideration, £744,458 is being satisfied by the issue of 300,185 ordinary shares of 25p each of Sale Tilney. Application has been made to the Council of the Stock Exchange for these shares, which rank pari passu in all respects with the existing ordinary, to be admitted to the Official List.

Net tangible assets of the Ivor Burt group were £767,000 at March 31, 1986, and the consolidated pre-tax profit for the year to that date was £235,000.

The directors of Sale Tilney believe that this acquisition will complement and enhance the existing activities of the company's financial services division.

Burnett loss of £17m and merger talks abandoned

BY MARTIN DICKSON

Anglo United Development Corporation, a small open-cast coal mining group, and Burnett & Hallamshire, the larger but troubled mining business, yesterday announced the abandonment of merger talks as Burnett unveiled 1985-86 pre-tax losses of £17.04m.

The figures are the first produced by Burnett since a capital reconstruction last December saved the company from receivership. They include further write-offs which reduced post-reconstruction shareholders' funds from £58m to £36.13m at the March 31 1986 year-end. Borrowings at that date totalled £80.1m.

Neither side would give the precise reasons for the termination of talks, but the belief in the market was that Anglo had been deterred by the state of Burnett's finances. Burnett shares closed at 13p, down 5p, while Anglo were unchanged at 28p.

Mr G. H. Edwards, Burnett's finance director, said there had been a mutual agreement not to proceed. Burnett, he added, was under no pressure from its major shareholders. These are a group of banks which hold 75 per cent of the company's shares, after converting debt to equity under the capital reconstruction.

Anglo unveiled its plans for a £40m all-paper bid for Burnett in April, but said the offer was conditional on its being satisfied about the health of the business.

The £17.04m (£126.13m) pre-tax loss comprises £2.8m (£3.69m) of operating profits from continuing businesses, £5.77m of interest charges relating to continuing businesses and £14.17m (£117m) of losses from discontinued businesses, related interest charges and further costs of rationalisation and write-offs.

The loss for the year, after tax of £1.86m, was £18.9m (£112.39m), representing a loss of 38.1p a share (290.4p). There is no dividend.

The £14.17m of losses includes £6.1m from discontinued businesses and £5.5m of additional depreciation on the M.V. Hellam Venture, a ship bought by Burnett on hire purchase and for which a £10m provision was made last year; and £1.7m of additional provisions on its problematic Californian property interests.

The book value of its equity interest in Rand London, a South African mining company, has been reduced from £10m to £4.69m, of which £4.82m was due to the deterioration in the value of the Rand.

Turnover for the year of continuing businesses totalled £109.3m (£103.3m).

Ocean Transport expands airfreight forwarding side

BY CHRISTOPHER PARKES

Ocean Transport & Trading yesterday announced new moves in its drive to reduce its dependence on the hard-pressed shipping industry and convert the company into a broader distribution services group.

It has paid an undisclosed sum for the airfreight forwarding subsidiaries of Jardine Matheson Holdings to complement its existing interests in this sector.

The company's other core businesses include fuel distribution, offshore oil support, specialised warehousing and waste management.

In April the company raised £92m on the sale of its 33 per cent stake in the Overseas Containers shipping business to Peninsular & Oriental Steam Navigation. In the same deal it paid P&O £14m for the half of Panocean Storage and Transport, a bulk liquid storage company, which it did not already own.

Mr Nicholas Barber, Ocean's managing director, said yesterday's buy would increase the proportion of group turnover stemming from non-shipping operations from 85 to 90 per cent.

The acquisition would greatly strengthen the company's developing network of freight forwarding operations—at present mainly concentrated on the Pacific rim, France and the UK—particularly in West Germany.

Ocean's problems in the shipping business were now over, Mr Barber said. Its remaining Elder Dempster and Barber Blue Sea lines were healthy. The company has recently launched a corporate advertising campaign and is visiting stockbrokers and analysts in an attempt to raise its profile and counteract the effects of past troubles and takeover rumours.

The deal includes three Jardine Cargo International companies in the UK, the US and Germany, Freight Express and Wathen Jardine Air Cargo Pty.

They will be operated separately from Ocean's existing MSAS forwarding interests while management reviews the future structure of the combined businesses.

Chelsea Man placing gives £13.5m value

By Philip Coggan

Chelsea Man, the men's clothing retailer, has given full details of its placing on the unlisted securities market. The 2.4m 5p ordinary shares have been priced at 125p each, putting a market capitalisation on the company of £13.5m.

Half the shares are being sold by the co-founders Sam and Chris George who will retain with fellow directors and family trusts 77.8 per cent of the company.

In the year ending March 31 1986, the company made profits of £1m thanks to margins of 28.2 per cent. That puts the company on a historic p/e of 20.5 at the proposed share price.

Unilever in talks

Unilever, the Anglo-Dutch consumer products and foods group, is in talks with Ogilvy Group over the sale of the Unilever Market Research Units whose sales in 1985 amounted to £33m. The deal will be a cash sale for an undisclosed sum, and is expected to be complete by the end of the year.

Morgan 500p striking price

Morgan Grenfell, the merchant banking group, has raised £154.7m from its offer by tender of 32m shares at a minimum price of 425p.

The striking price was fixed yesterday at 500p, valuing the group at £753m on the Stock Exchange, where it has just obtained a listing. This makes it the largest UK merchant banking group in terms of market capitalisation. Trading in the new shares, which represents 21.2 per cent of its capital, begins next Thursday.

Morgan said yesterday that the offer had been subscribed 4.5 times with tenders totalling £750m. The offer was subscribed 4.1 times at the striking price, which was very much in line with market expectations.

Morgan's staff applied for 1.1m shares and were satisfied in full at the striking price. The allocation of the remaining shares is on the following basis:

For 50 shares, there will be a ballot for 50 shares; for 100 to 350 shares, a weighted ballot for 100 shares; for 400 to 950 shares, 25 per cent of amount applied for, rounded up to the nearest multiple of 25 shares; for 1,000 to 95,000 shares, 22.5 per cent of the amount applied for with a minimum of 25,750 shares.

The chances of bidders obtaining shares in the ballot are put at slightly less than one in four.

Aitken builds defences against Tranwood bid

By Lionel Barber

Aitken Hume, the troubled financial services group, said yesterday that its most valuable asset, National Securities & Research Corporation (NSR), could become worthless if the £89m hostile bid by Tranwood Group succeeds.

But Hambros, merchant bank advisers to Tranwood, a "shell" company headed by Mr Nicholas Oppenheim, attacked Aitken's suggestions as "scaremongering" and said Aitken had given up a proper defence against the bid.

Mr Tony Constance, Aitken's recently appointed chief executive, said that Tranwood's proposals for a change in ownership of NSR could lead to the US subsidiary losing valuable mutual fund management contracts.

Mr Constance claimed that Tranwood's advisers, Prudential Bache, had conceded in a telephone conversation this week that there were risks involved. The same applied to Mutual Shares Corporation, a US mutual fund, which had accepted Mr Oppenheim's offer in respect of its 12 per cent stake.

Mr Constance said that Aitken's lawyers had told the group that if the Tranwood offer succeeded, NSR's contracts with its mutual funds would lapse automatically with a timescale for replacement of four to six months. Hambros said that the period was nearer 10 weeks.

Fitch in £3m sale

By David Goodhart

Food company Fitch Lovell has sold its loss-making bacon wholesale and distribution business to the Danish Bacon Independents group for about £3m in cash.

The bacon business is expected to show a below-the-line loss of £3m on a turnover of about £60m in the Fitch accounts for 1986. Fitch is retaining the profitable packaged bacon products.

The sale covers three operating depots at Manchester, Bristol and Southport. Bacon wholesaling in the UK has become increasingly competitive because of direct buying from the producers by supermarket chains.

Electric and General

Electric and General Investment Company saw net asset value improve to 487.4p at May 31 1986 compared with 362p a year earlier. Net earnings for the year to end-May came out £288,000 higher at £1.08m and the directors are recommending a final dividend of 2.65p (2.05p), making the total 4.5p, an increase of 0.9p.

Earnings per share were 5.97p (4.37p).

Income from investments was down at £1.82m (£1.93m), and interest on short-term deposits was also lower at £287,000 (£519,000). There was an increased contribution from other income of £74,000 (£43,000). However, interest charges were cut to £439,000 (£1.11m).

Rea Bros. in £8m rights as losses soar to £0.5m

BY DAVID LASCELLES, BANKING CORRESPONDENT

Rea Brothers, the smallest of the UK accepting houses, yesterday announced an £8m rights issue and reorganisation in the wake of heavy losses sustained by a Dutch associate company.

In a delayed announcement of its 1985 results, the bank revealed a post-tax loss for the year of £522,000, compared with a loss of £226,000 the year before. No final dividend is to be paid on ordinary shares, and there will be no dividend on the company's two classes of preference shares.

The net loss resulting from Rea Brothers' involvement with the Amsterdam Crediet-en Handelsbank (Amscrediet) was £4m. This wiped out Rea's inner reserves and left it with total shareholders' funds of £9.4m at the end of last year. The group's 32 per cent stake in Amscrediet was sold in the middle of last year, and Rea said yesterday that it was confident that there was no need for any further provisions.

The relationship with Amscrediet dates back to the 1950s. The Dutch bank ran into difficulty in late 1982 when a major customer collapsed, and further large losses came to light as time went by. The bank was principally involved in financing the import of fancy goods from the Far East.

Rea Brothers is now to adopt a holding company structure in which the company's interests in banking, finance, insurance and travel will be grouped as subsidiaries. This will enable the bank to deploy its capital more efficiently.

Shares in the new holding company, Rea Brothers Group, will be exchanged on a one-for-one basis for Rea Brothers ordinary shares. Irrevocable acceptances for the exchange have been given by holders of 55 per cent of the share capital, owned mainly by Sir Walter Salomon, the principal owner of the bank, and trusts associated with his family.

The rights issue will consist of 8.1m of new 8.6 per cent convertible preference shares in the basis of three for every 10 Rea Brothers ordinary shares at £1.05 each. The proceeds will replace the losses caused by Amscredit and furnish the group with new capital.

Mr Bill Dacombe, the group's newly appointed chairman, said Rea Brothers would concentrate on servicing the needs of wealthy individuals, and providing independent financial advice at a time when many institutions were being absorbed into large financial groupings.

Abbott Mead purchases Leagas

BY LIONEL BARBER

Abbott Mead Vickers, the fast-growing UK advertising agency, has conditionally agreed to buy Leagas Delaney, a loss-making agency, in a deal which could ultimately be worth £2.5m.

Leagas Delaney revealed a pre-tax loss of £758,181 for the year ending April 1986. Some £475,000 relates to non-recurring costs such as moving, building and compensation packages paid to former employees, Abbott said yesterday. Billings are currently running at the rate of £12.7m per annum.

In view of the losses at Delaney, Abbott is paying only £79,875 in cash for 76 per cent of the agency's shares. It will enter into put-and-call options for the outstanding shares in three stages between May 1987 and December 1990. The prices will depend on Delaney's profits.

Abbott said that Mr Bruce Haines, a senior member of its board, will become managing director of Delaney. He will be joined by Mr James McDonnell, Abbott's finance director, who will become a Delaney director, while retaining his Abbott responsibilities. Mr Ron Leagas, one of the founders of the agency which was set up in 1980, is to leave to pursue other interests.

On completion Abbott will subscribe cash for 680,000 redeemable preference shares in Delaney of £1 each at par. The shares will be redeemable at par in four equal instalments starting on January 1 1989, and will carry no coupon.

Payment has been arranged via a vendor placing of 310,000 new Abbott shares arranged by Hambros, merchant bankers, and Rowe & Pitman, at 222p a share.

Abbott closed at 238p, up 5p on the day, valuing the agency at £30m. For the year ending December, Abbott's pre-tax profits rose from £587,000 to £2.25m, on gross billings of £50m.

Marston advances by £1.5m

AN INCREASE in the sales of its own beers, despite a fall in total beer volumes, helped Marston, Thompson & Evershed improve its margins in the year to the end of March 1986. The poor summer was blamed for the volume fall, but turnover improved by 5 per cent to £69.52m and pre-tax profits were £1.48m higher at £9.87m.

Earnings per share came out at 7p (5.79p) and the directors are proposing to increase the final payment to 1.54p (1.328p) making a total of 2.24p (1.95p).

The directors said the result was achieved despite a substantial increase in spending on advertising and property repairs. They added that draught Pedigree continued to make gains in the free trade and that lager now represents 25 per cent of sales.

The relaunch of the wine and spirit company, W. H. Milner Fine Wines, was successful and satisfactory increases in volume were achieved.

Pre-tax profit was struck after share ownership scheme payment of £201,000 (£171,000) and depreciation of £2.69m (£2.39m). Tax took £3.78m (£3.42m) and there was an extraordinary credit of £297,000 (£339,000 debit).

For the present year, volumes in the first two months were slightly ahead of last time.

John Michael Design sees further expansion ahead

John Michael Design increased its pre-tax profits from £352,000 to £504,000 in the year to March 31 1986 on turnover up from £946,000 to £1.52m. The company, which joined the Unlisted Securities Market last July, will pay a final dividend of 0.8p for a total of 1.2p.

The directors said the retail design sector continued to be the company's major activity. The graphics division had expanded considerably through the acquisition last September of DRA/Sablebest. Parklan was acquired in December, principally for its freehold property at Cynthia Street, London, W, which now houses all John Michael Design operations.

Having achieved a strong balance sheet at the year-end and net assets up sixfold over the previous year, the company's chairman, Mr David Callcott said he expected a further year of expansion through an increased range of services and possible acquisitions.

Group tax for the year rose from £125,000 to £208,000, and there was an extraordinary debit of £14,000 (£42,000). Net assets at the year-end stood at £1.43m compared with £190,000.

S & U Stores falls by £130,000 at year-end

Pre-tax profits at S & U Stores—its principal activity is retail credit and manufacture of men's clothing and hosiery—fell from £761,000 to £632,000 in the year to January 31 1986.

Mr Derek Coombs, the chairman, said the result was disappointing and added: "We operate in a highly competitive business with tight margins. Action has been taken to improve performance. The manufacturing division, after considerable re-organisation in previous years, now consists of a hosiery exporting company based in Leicester, which is trading profitably."

Turnover rose slightly from £36.39m to £37.06m. Last year there was an extraordinary debit of £219,000, so attributable profit this time rose from £237,000 to £334,000.

No dividend is again being paid—the last payment on ordinary dividends was in 1976. Stated earnings per 12½p share were down from 3.48p to 3.29p basic, and from 3.29p to 2.08p fully diluted.

After preference dividends of £150,000 (same), £184,000 (£87,000) was transferred to reserves.

Midland Marts recovers

Following a "disappointing first half," when losses of £19,000 were incurred, Midland Marts Group, livestock market operator, has improved in the second half with pre-tax profits of £352,000 against £254,000.

Turnover for the year ending January 31 1986 improved from £4.36m to £4.45m, but operating profits fell to £333,000 (£814,000). After an exceptional £75,000 debit last time, the taxable result for the year was down from £539,000 to £333,000.

The dividend total is being held at 4p with an unchanged 2.75p final recommended. Earnings per share for this USM-quoted company fell to 5.5p (7.8p).

The directors said that acquisitions and newly-opened offices in the Shipways group brought the number of estate agency offices to 26 in the Midland area. Professional agricultural services were strengthened in the Banbury area by the recent acquisition of the business of Brown and Mumford, chartered surveyors.

Tax took £126,000 (£247,000) and there was an extraordinary credit of £28,000 (£24,000 debit).

Brint's asset value up 16p in three months

Brint Investments, an investment holding group with interests primarily in mining and natural resources, has improved its net asset value per £1 share to 148p at end-May 1986, compared with 132p three months earlier, and 117p at end-1985.

Brint, which has its shares traded on the USM, raised pre-tax profits from £207,500 to £294,000 in the half year to February. Interest and dividends received fell to £45,500 (£189,000), and income from oil and gas was little changed at £5,000 (£4,000).

While there was a loss of £422,000 (£167,000 profit) on sale of investments, the sale of Brint Australia contributed £513,000 (nil).

Interest charges fell from £153,000 to £19,000 and the reduction in the provision for the value of investments rose to £336,000 (£77,000). Exchange losses were £38,000 (nil).

There was no tax and earnings rose from 5.4p to 7.6p.

The disposal of Brint Australia and the purchase of a significant holding of Keywest Investments, referred to in the last annual report, were both completed in February.

Harris Queensway

At the annual meeting of Harris Queensway, Sir Philip Harris, the chairman told shareholders that discussions with Great Universal Stores were proceeding well and that clearance had been received from the Office of Fair Trading.

He said they hoped to exchange formal contracts within the next two weeks, and were confident it would be an important and successful deal for the group.

The chairman added that trading in edge-of-town outlets in the current year was showing useful gains on 1985, but activity in the high street was not so buoyant, and overall trading was below expectations. He expected interest rate reductions to benefit results in the seasonally more important second half.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Friday June 27 1986: Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 29%)	Est. P/E Ratio (Net)	xd adj. 1986 to date	Thurs June 26 Index No.	Wed June 25 Index No.	Tues June 24 Index No.	Year ago (approx.) Index No.	1986 High	1986 Low	Since Compilation High	Since Compilation Low
1	CAPITAL GOODS (213)	739.07	−0.2	8.64	3.31	15.85	8.22	740.54	736.62	734.99	491.84	753.28 30/4	567.56 14/1	753.28 30/4/86	50.71 13/12/74
2	Building Materials (26)	802.24	+0.3	8.46	3.58	14.96	10.04	799.83	792.80	792.19	489.63	844.79 4/4	613.05 23/1	844.79 4/4/86	44.27 11/12/74
3	Contracting, Construction (30)	1226.78	—	7.78	3.92	17.64	18.56	1227.04	1223.31	1219.75	729.68	1228.76 2/5	911.08 23/1	1228.76 2/5/86	71.48 2/12/74
4	Electricals (12)	1897.42	—	7.74	4.03	17.16	30.53	1890.53	1891.85	1912.63	1328.88	2052.98 21/4	1530.81 2/1	2092.98 21/4/86	84.71 25/6/62
5	Electronics (38)	1723.58	−0.3	8.46	2.67	15.70	10.00	1728.72	1716.03	1708.85	1319.54	1794.13 30/4	1387.58 24/1	2049.05 13/11/84	1229.01 8/10/85
6	Mechanical Engineering (62)	415.30	−0.4	9.18	3.85	13.87	6.03	416.90	415.50	412.72	282.73	422.95 18/4	316.63 23/1	422.95 18/4/86	45.43 5/1/75
8	Metals and Metal Forming (7)	370.52	−0.1	6.94	3.84	18.71	4.35	371.03	370.58	364.60	183.52	371.03 26/6	241.07 2/1	371.03 26/6/86	49.65 6/1/75
9	Motors (16)	315.97	−0.1	8.34	3.86	13.96	3.72	316.43	314.56	313.73	157.78	316.43 26/6	206.50 14/1	316.43 26/6/86	19.91 6/1/75
10	Other Industrial Materials (22)	1316.08	−0.5	6.19	3.02	19.42	14.09	1322.56	1318.99	1324.31	905.81	1347.13 3/4	993.49 21/1	1347.13 3/4/86	277.55 15/1/81
21	CONSUMER GROUP (183)	933.25	+0.1	7.72	3.13	16.25	11.19	932.01	928.43	924.45	633.53	968.16 3/4	739.82 14/1	968.16 3/4/86	61.41 13/12/74
22	Brewers and Distillers (22)	985.53	+1.0	8.76	3.25	13.94	9.92	975.77	968.70	956.03	597.43	985.53 27/6	764.25 14/1	985.53 27/6/86	69.47 13/12/74
25	Food Manufacturing (22)	690.33	+0.2	9.13	3.77	14.27	10.03	688.67	684.83	680.98	487.75	702.63 4/4	549.51 14/1	702.63 4/4/86	59.67 11/12/74
26	Food Retailing (15)	1808.05	−0.9	6.81	2.70	20.05	16.08	1824.83	1823.62	1818.22	1472.20	1976.34 14/4	1629.03 21/1	1976.34 14/4/86	54.25 11/12/74
27	Health and Household Products (10)	1584.42	+0.2	5.27	2.18	22.36	11.49	1580.85	1587.10	1583.54	1016.16	1651.15 17/4	1175.61 14/1	1651.15 17/4/86	175.38 28/5/80
29	Leisure (26)	900.27	−0.3	7.96	3.90	16.31	14.01	902.94	898.30	897.96	616.82	968.51 2/4	731.17 24/1	968.51 2/4/86	54.83 9/1/75
32	Publishing & Printing (14)	2563.74	+0.3	7.55	3.90	16.62	46.31	2557.32	2550.93	2545.14	1707.64	2563.74 27/6	1834.16 9/1	2563.74 27/6/86	55.08 6/1/75
33	Packaging and Paper (14)	491.69	−0.1	6.75	3.23	18.35	6.50	492.42	491.55	487.63	314.38	492.42 26/6	362.52 9/1	492.42 26/6/86	43.46 6/1/75
34	Stores (41)	878.59	−0.1	6.88	2.81	19.74	9.42	879.22	874.57	872.38	602.92	984.64 3/4	707.79 23/1	984.64 3/4/86	52.63 6/1/75
35	Textiles (17)	561.33	+1.6	9.22	3.38	12.54	7.95	552.56	544.51	543.83	325.23	574.41 3/4	375.50 14/1	574.41 3/4/86	62.66 11/12/74
36	Tobaccos (2)	1121.70	−0.5	12.71	4.36	8.82	20.60	1126.98	1118.81	1118.39	854.86	1229.63 11/4	873.47 9/1	1229.63 11/4/86	94.34 13/6/62
41	OTHER GROUPS (88)	795.12	−0.2	8.47	3.93	15.18	7.73	797.09	798.52	800.59	646.04	859.53 4/4	696.16 21/1	859.53 4/4/86	58.63 6/1/75
42	Chemicals (21)	916.09	+0.9	9.97	4.43	12.16	17.28	907.89	900.20	903.15	714.94	955.30 14/3	729.24 14/1	955.30 14/3/86	71.20 1/12/74
44	Office Equipment (4)	253.73	−0.9	7.33	4.01	16.51	4.59	256.00	251.62	251.62	165.81	281.13 9/5	205.37 23/1	281.13 9/5/86	45.34 2/1/75
45	Shipping and Transport (12)	1483.82	−0.5	7.89	4.23	15.98	24.95	1490.66	1496.29	1493.55	1050.33	1677.64 3/4	1316.35 14/1	1677.64 3/4/86	90.80 29/6/62
47	Telephone Networks (2)	882.60	−0.9	9.60	4.16	14.23	0.93	890.75	904.12	906.42	808.15	1050.03 4/4	845.68 21/1	1050.03 4/4/86	517.92 30/11/84
48	Miscellaneous (49)	1055.58	−0.1	6.30	3.22	19.91	11.57	1057.05	1051.20	1054.94	790.99	1057.05 26/6	866.26 9/1	1057.05 26/6/86	60.39 6/7/75
49	INDUSTRIAL GROUP (483)	858.55	—	7.98	3.37	15.88	9.63	858.93	856.46	854.66	606.45	889.80 3/4	691.89 14/1	889.80 3/4/86	59.01 13/12/74
51	Oil & Gas (17)	1223.07	−0.5	16.70	7.39	7.15	40.71	1228.81	1221.22	1205.70	1125.01	1228.81 26/6	1093.63 20/2	1239.75 15/2/85	87.23 29/5/62
59	500 SHARE INDEX (500)	891.07	−0.1	8.90	3.79	14.07	12.07	891.86	888.98	886.12	649.80	917.63 3/4	727.53 14/1	917.63 3/4/86	63.49 13/12/74
61	FINANCIAL GROUP (116)	610.71	+0.5	—	4.33	—	10.76	607.49	601.46	596.86	453.17	629.86 4/4	507.58 14/1	629.86 4/4/86	55.88 13/12/74
62	Banks (7)	652.98	+2.4	16.90	5.20	8.21	14.03	637.39	626.13	625.11	460.00	707.33 20/3	517.21 5/2	707.33 20/3/86	62.44 12/12/74
65	Insurance (Life) (9)	868.30	+0.5	—	4.30	—	17.27	863.73	859.55	846.23	712.89	906.18 11/3	765.18 23/1	906.18 11/3/86	44.88 2/1/75
66	Insurance (Composite) (7)	482.21	−1.2	—	4.30	—	9.46	487.86	482.07	476.17	349.38	525.13 14/4	403.56 2/1	525.13 14/4/86	43.96 13/12/74
67	Insurance (Brokers) (9)	1169.14	−1.1	8.94	4.08	14.63	23.40	1182.16	1167.65	1145.41	1035.94	1315.27 12/2	1139.48 13/6	1315.27 12/2/86	65.86 16/12/74
68	Merchant Banks (11)	378.33	—	—	2.84	—	3.25	378.33	375.04	376.44	222.92	378.33 26/6	277.36 24/1	378.33 26/6/86	31.21 7/1/75
69	Property (50)	791.46	−0.1	5.47	3.46	24.22	9.83	792.16	793.06	785.53	591.92	793.06 25/6	635.84 23/1	793.06 25/6/86	56.01 20/4/65
70	Other Financial (23)	347.37	+0.1	7.90	4.34	15.56	4.29	347.14	343.40	343.51	261.35	362.00 4/4	287.55 24/1	362.00 4/4/86	33.29 17/12/74
71	Investment Trusts (103)	757.07	+0.1	—	2.97	—	9.15	756.53	753.05	750.20	566.98	764.85 22/4	633.36 14/1	764.85 22/4/86	71.12 13/12/74
81	Mining Finance (3)	265.29	+0.8	13.58	6.01	8.64	6.11	263.24	263.81	264.94	264.76	331.16 21/3	240.83 2/1	337.57 10/4/84	66.31 30/9/74
91	Overseas Traders (14)	690.39	+1.2	10.99	5.99	10.81	19.57	681.88	674.53	668.91	628.32	702.43 7/4	597.55 2/1	702.43 7/4/86	97.37 6/1/75
99	ALL-SHARE INDEX (736)	808.78	—	—	3.88	—	11.59	808.50	804.98	801.84	595.54	832.39 3/4	664.42 14/1	832.39 3/4/86	61.92 13/12/74
		Index No.	Day's Change	Day's High	Day's Low	June 26	June 25	June 24	June 23	June 20	Year ago				
	FT-SE 100 SHARE INDEX ♦	1639.1	+1.6	1639.1	1633.5	1637.5	1629.4	1624.9	1622.8	1637.2	1234.9	1717.6 3/4	1370.1 14/1	1717.6 3/4/86	986.9 23/7/84

FIXED INTEREST

	PRICE INDICES	Fri June 27	Day's change %	Thurs June 26	xd adj. today	xd adj. 1986 to date
	British Government					
1	5 years	123.14	—	123.14	—	6.07
2	5-15 years	142.87	+0.07	142.76	—	6.90
3	Over 15 years	150.27	+0.17	150.01	—	7.29
4	Irredeemables	168.65	+0.17	168.36	—	7.27
5	All stocks	138.69	+0.07	138.59	—	6.75
	Index-Linked					
6	5 years	112.40	−0.63	113.11	—	1.18
7	Over 5 years	117.00	−1.01	118.18	—	1.64
8	All stocks	116.15	−0.94	117.25	—	1.55
9	Debentures & Loans	128.33	+0.85	128.27	—	5.74
10	Preference	87.35	−0.08	87.42	—	3.35

	AVERAGE GROSS REDEMPTION YIELDS		Fri June 27	Thurs June 26	Year ago (approx.)	1986 Highs		1986 Lows	
	British Government								
1	Low Coupons	5 years	7.73	7.70	10.33	10.26	20/1	7.37	18/4
2		15 years	9.00	9.00	10.63	10.65	20/1	8.32	18/4
3		25 years	9.06	9.07	10.31	10.65	20/1	8.33	18/4
4	Medium Coupons	5 years	9.16	9.15	11.39	11.89	14/1	8.58	18/4
5		15 years	9.31	9.31	10.89	11.15	20/1	8.58	18/4
6		25 years	9.31	9.32	10.43	10.74	20/1	8.58	18/4
7	High Coupons	5 years	9.31	9.29	11.46	12.07	20/1	8.73	18/4
8		15 years	9.46	9.47	11.05	11.32	20/1	8.73	18/4
9		25 years	9.34	9.35	10.61	10.81	20/1	8.73	18/4
10	Irredeemables †		8.86	8.87	10.07	10.35	27/1	8.38	18/4
	Index-Linked								
11	Inflat'n rate 5%	5 yrs	4.09	3.77	0.0	5.18	14/1	3.24	29/4
12	Inflat'n rate 5%	Over 5 yrs	3.46	3.39	0.0	4.01	20/1	3.26	13/5
13	Inflat'n rate 10%	5 yrs	2.87	2.55	0.0	4.23	14/1	2.11	29/4
14	Inflat'n rate 10%	Over 5 yrs	3.30	3.23	0.0	3.85	14/1	3.09	19/5
15	Debs & Loans	5 years	9.93	9.94	11.94	12.78	27/1	9.88	22/4
16		15 years	10.22	10.23	11.73	11.93	4/2	9.79	22/4
17		25 years	10.29	10.29	11.54	11.83	21/1	9.69	17/4
18	Preference †		10.48	10.47	12.37	12.18	24/2	10.30	9/6

♦ Opening index 1635.3; 10 am 1635.7; 11 am 1634.2; Noon 1634.4; 1 pm 1634.5; 2 pm 1634.2; 3 pm 1634.5; 3.30 pm 1634.6; 4 pm 1636.0.

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Telephone Networks	30/11/84	517.92	Food Manufacturing	29/12/67	114.13
Electronics	30/12/83	1646.65	Food Retailing	29/12/67	114.13
Other Industrial Materials	31/12/80	287.41	Insurance Brokers	29/12/67	96.67
Health/Household Products	30/12/77	261.77	Mining Finance	29/12/67	100.00
Other Groups	31/12/74	63.75	All Other	10/04/62	100.00
Overseas Traders	31/12/74	100.00	British Government	31/12/75	100.00
Mechanical Engineering	31/12/71	153.84	Do. Index-linked	30/04/82	100.00
Office Equipment	16/01/70	162.74	Debs. & Loans	31/12/77	100.00
Industrial Group	31/12/70	128.20	Preference	31/12/77	76.72
Other Financial	31/12/70	128.06	FT-SE 100 Index	30/12/83	1000.00

† Flat yield. A new list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4, price 15p, by post 28p.

DIVIDENDS ANNOUNCED

	Current Payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Bett Bros. ...int.	1.2	—	1.2	—	3.1
Celestion Inds.	1	Aug. 22	1	1	1
Craig & Rose	39	July 11	39	47	47
Electric and Gen.	2.65	Sept. 11	2.05	4.5	3.6
Marston, Thompson	1.54	—	1.33	2.24	1.95
J. Michael Design	0.8‡	Aug. 8	—	1.2	—
Midland Marts	2.75†‡	Aug. 1	2.75	4	4

Dividends shown in pence per share except where otherwise stated. ‡ Equivalent after allowing for scrip issue. † On capital

COMPANY NEWS IN BRIEF

DANAE INVESTMENT Trust declared a second interim dividend of 3.15p (2.94p), making 5.25p (4.9p) total for year to end-May 1986. Net asset value per income share at year-end was 51.88p (52.03p) and per capital share 30.3p (14.21p). Revenue was £509,096 (£485,294) subject to tax of £152,223 (£146,624).

... maker, suffered losses of £326,000 (profit £502,000) before tax in year to end-March 1986. Turnover was £2.63m (£2.65m). No dividend. Chairman looked forward to greatly improved results next time.

LADBROKE INDEX

1,353-1,359 (−1)

INTERNATIONAL COMPANIES and FINANCE

Volvo in $140m engineering sale

BY KEVIN DONE, NORDIC CORRESPONDENT IN STOCKHOLM

VOLVO, the Swedish motor, energy and food group, is to sell the engineering activities of its newly acquired Sonessons subsidiary to Investment AB Cardo in a deal worth up to SKr 1bn ($140m).

The disposal is a significant development in the restructuring of Volvo's Swedish interests following the takeovers in recent months of both Investment AB Cardo, the investment and industrial holding company, and Sonessons, the engineering and pharmaceuticals group.

Volvo acquired full control of Sonessons earlier this year following the collapse of its planned co-operation deal with Fermenta, the Swedish biotechnology and chemicals group.

The deal with Investment AB Cardo means that the Sonessons engineering operations will be kept together and that control will remain in the hands of interests in southern Sweden.

Investment AB Cardo will initially pay SKr 750m for the Sonessons engineering activities. In addition in the years 1986-88 it will also pay an additional profit-related amount up to a maximum of SKr 250m.

The operations to be taken over by Investment AB Cardo include Sab Nife, the manufacturer of railway equipment, Crawford Door, the maker of industrial doors and wall systems, Scanpump which makes industrial and marine pumps, and a 25 per cent stake in Fluidcarbon, the developer of coal slurry systems.

The operations had a turnover last year of Skr 2.6bn, profits before allocations and tax of Skr 160m and a workforce of some 5,000.

The deal must still be approved by a special meeting of Investment AB Cardo's shareholders on August 5, but it is planned that it will take effect from July 1.

Mr Lennart Nilsson, Sonessons managing director, will take over as managing director of Investment AB Cardo. Earnings per share for Investment AB Cardo should be boosted to Skr 7.50 per share from a previously estimated Skr 4.80, Volvo said yesterday.

Investment AB Cardo is 47 per cent owned by Volvo, but the group is planning to reduce its stake to about 20 per cent.

The disposal of the engineering operations means that Volvo retains control of the Leo/Ferrosan pharmaceuticals operations, the main aim of the Sonessons acquisition, as well as Gambro, the maker of kidney dialysis equipment.

Mr Pehr Gyllenhammar, Volvo chairman, told the annual meeting earlier this year that Volvo planned to separate Leo and Ferrosan out of Sonessons and put them into a new structure it is planning in biotechnology and drugs.

Pehr Gyllenhammar: restructuring deal

Lower tax helps Air Liquide to 12% increase

By Our Financial Staff

AIR LIQUIDE, the French industrial gases group, reports a 12 per cent increase in net profit for 1985, thanks mostly to a lower tax charge.

Consolidated net income rose to FFr 1.13bn ($160m) from FFr 1bn a year earlier. The group said the gain was posted despite nearly flat revenue, which edged up to FFr 19.9bn from FFr 19.8bn.

The company attributed the slow turnover growth to the weak dollar, adding that at constant exchange rates a revenue increase of 12 per cent would have been achieved.

Pre-tax operating profits were little changed, rising to FFr 2.5bn from FFr 2.49bn. The gain in net income that mainly reflected lower tax and a drop in minority interests. Tax eased to FFr 1.12bn from FFr 1.2bn while minority interests slipped to FFr 261m from FFr 287m.

Air Liquide confirmed plans for a scrip issue on a one-for-ten basis.

Sales fall for French retailer

GALERIES LAFAYETTE results for 1986 will depend mainly on how turnover develops in the last four months of the year after a poor first quarter, according to Mr Etienne Moulin, chairman, writes Our Financial Staff. Describing the situation as "worrying," he told the annual meeting that major renovation works at the central Paris store and a sharp drop in revenue for foreign clients, mainly American, had led to lower sales.

In 1985 the group achieved net profit for FFr 139.9m ($19.8m) on turnover of FFr 14bn.

Wienerwald changes ownership

BY JOHN WICKS IN ZURICH

WIENERWALD, the international catering concern, has been bought by the Munich-based businesswoman Mrs Renate Thyssen for an undisclosed price.

The group, most of whose assets are in Germany and Austria, operates 323 restaurants, 10 motorway roadhouses and six hotels. The parent company is Wienerwald Holding, of Lucerne.

In 1982 heavy debts forced the group to the point of financial collapse. Debt settlement agreements had to be arranged in Switzerland and Germany and a wide-reaching retrenchment programme was put into effect.

By 1984, the latest year for which figures are available, total sales had declined to SFr 247.3m from a peak in 1981 of SFr 1.8bn.

Of the 1984 turnover 60 per cent was accounted for by German operations and 40 per cent by Austrian.

The group showed improved results for 1984, due largely to the closure of uneconomic restaurants. The Swiss holding had earnings of less than SFr 1m.

It is understood that Wienerwald Gmbh, the German operating company, recently found itself faced with unexpected tax demands which necessitated some form of financial restructuring.

Mrs Thyssen formerly ran a group of restaurants which was sold to Wienerwald before the financial crisis. Wienerwald was at the same time managed by its founder, a naturalised Swiss, Friedrich Jahn.

After the events of 1982, Mr Jahn confined his activities to the board of the Lucerne holding company and played no further part in the running of the group. He will now return to management, taking over Wienerwald's external services.

A statement on the future of the group was unobtainable from Mrs Thyssen, from the Munich headquarters of the German company or from the Lucerne holding company.

● The two German affiliates of Credit Suisse are to merge into the new subsidiary Schweizerische Kreditanstalt (Deutschland).

Capital of Schweizerische Kreditanstalt has been raised from DM 75m to DM 125m (C$56.5m). Balance sheet assets of the Credit Suisse group in Germany amounted to DM 4.2bn in April.

Johnson unit back in profit for first four months

BY OUR FINANCIAL STAFF

BOOSTED by profits on disposals, Nordstjernan, the big Swedish industrial group, has swung out of the red for the first four months of 1986.

The company, part of the Axel Johnson group, has made a profit of SKr 293m ($40.9m) for the four months, against a deficit of SKr 32m a year earlier. Disposal gains totalled SKr 217m.

As part of a major restructuring, Nordstjernan has been selling several companies to return the company to profitability. In the first four months of 1985, extraordinary income totalled SKr 33m.

Sales, struck after the disposals, dropped 9.2 per cent to SKr 5.31bn from SKr 5.85bn. Nordstjernan said SKr 440m of the decline is attributable to units sold. Sales of comparable operations dropped about 2 per cent.

Nordstjernan said divestments and a more efficient use of capital improved the company's net financial items. Net financial losses during the four months narrowed to SKr 95m from SKr 176m.

Pre-tax profit in the construction division, Nordstjernan's largest, soared to SKr 73m from SKr 5m, while sales rose to SKr 2.06bn from SKr 1.82bn. In the speciality steels, pre-tax profit jumped to SKr 81m from SKr 6m, while sales fell slightly to SKr 1.89bn from SKr 2bn.

Shipping results swung to a profit from a year-earlier loss, while earnings in the engineering unit more than doubled to SKr 47m from SKr 23m. Losses in the retail division narrowed modestly.

Molson sees recovery on brewing side

By Robert Gibbens in Montreal

MOLSON, Canada's second largest brewer, says its beer business is turning around strongly, special chemicals are doing better and its hardware retailing chain is ready to expand into the US, possibly by acquisition.

Mr John Rogers, president, told the annual meeting that Molson will show substantially higher earnings in the first quarter of this year and for 1986 as a whole. Beer earnings could double.

The company has successfully introduced Coors, an American beer, into Canada, and has 5 per cent market share. It has made national marketing arrangements with a Maritimes brewer.

Pickens is suspected of Panhandle Eastern bid

By William Hall in New York

PANHANDLE EASTERN, the big natural gas pipeline group, yesterday rejected a takeover approach from an unidentified third party, widely believed to be a group of corporate raiders led by Mr T. Boone Pickens, the Texas oil man.

The shares of the Houston-based Panhandle Eastern have jumped sharply in heavy trading this week, following widespread rumours that a group of investors led by Mr Pickens were planning a takeover attempt.

On Thursday the shares rose by $3.12 to $44.25 and in early trading yesterday morning they jumped by another $4 to $48.25, following an announcement by the company that it had received a request to enter talks which could lead to a possible acquisition.

Pan handle, which earned $0.25m ($0.83p a share) on revenues of $2.9b last year, said yesterday that it had informed the third party that "it did not intend to engage in discussions or negotiations of an acquisition at this time."

Walt Street has been full of rumours in recent days that Wagner and Brown, a wealthy Texas oil group, might attempt to take over Panhandle Eastern in conjunction with Mr Pickens and his associates. The two groups have worked together in the past, and made considerable profits in their hostile pursuit of Gulf, one of America's biggest oil companies, which was eventually forced to seek a friendly merger with Chevron.

Panhandle owns Anadarko Petroleum, which holds a big stake in the rich Hugoton gas field in South western Kansas—the largest producing natural gas field in the continental US. Mesa Limited Partnership, which is controlled by Mr Pickens, also has an interest in the Hugoton field.

Panhandle Eastern, in common with most other companies operating in the US oil patch, has been hit by the slump in oil and gas prices. In the first quarter it reported a 24 per cent drop in net income to $38.4m, or 0.86 per share.

The bulk of the group's $110.8m operating profit in the first quarter came from gas transmission. The group's exploration and production operations contributed $20.1m, while the contract drilling side had a $7.8m loss.

At current share prices, Panhandle Eastern is valued at $2.2bn.

New Zealand to float shares in Petrocorp

BY OUR FINANCIAL STAFF

PETROCORP, the oil and gas producer owned by the New Zealand government, is to offer shares to the public in an effort to strengthen its balance sheet.

Announcing this yesterday Mr Bob Tizard, the country's finance minister, said a capital restructuring was urgently needed. Petrocorp's performance has suffered from low prices for oil, gas and their derivatives.

Mr Tizard added that earnings had dropped to a level where Petrocorp was unable to service debt incurred to build its loss-making urea, ammonia and methanol plants.

The minister added that the government would assume liability for some of these loans.

"There would also either be an infusion of government funds or, more logically, a public float."

Although no details are available of the projected flotation, it is more likely to involve the creation of new shares than the sale of any part of the government holding.

The New Zealand government has already announced its intention of selling shares in State Bank of New Zealand to private investors. Both this and the projected Petrocorp move are seen as part of a government strategy to concentrate new budget outlays on social areas rather than on state-owned companies.

Chubb ahead in S. Africa

BY JIM JONES IN JOHANNESBURG

CHUBB HOLDINGS, the 70 per cent-owned South African subsidiary of Chubb International, increased turnover by 11.1 per cent in the year to March, but failed to match this with an equal rise in trading profit.

Turnover rose to R70.9m from R63.8m and the trading profit before interest and tax increased by 5.5 per cent to R5.34m ($2.12m) from R5.06m. A lower interest bill led to a pre-tax profit of R3.72m against R2.42m.

The company's electronics security division benefited from acquisitions during the year and increased its trading profit by 137 per cent to R2.18m. In contrast the physical security division's trading profit fell by 28.8 per cent to R2.47m and the fire security division's trading profit rose by 5.1 per cent to R694,000.

South Africa's security industry remains highly competitive. Though interest in security has grown as a result of civil unrest and higher crime rates, the recession has led some firms and individuals to cut spending on security.

Earnings increased to 40.8 cents a share from 29.7 cents and the total dividend has been lifted to 17 cents from 16 cents.

Acquisitions lift Pillsbury

BY OUR FINANCIAL STAFF

PILLSBURY, the US food and catering group whose interests include the Burger King chain of hamburger restaurants, lifted net earnings to $51.9m on $1.19 a share, from $47.3m or $1.09 a share in the fourth quarter to May 31. Sales during the period rose to $1.49bn from $1.22bn a year earlier.

The company attributed the

which it said had offset weak conditions for the restaurant business. Half of the gain in sales and unit volume, and one-third of the increase in operating profit, was attributed to acquisitions, including the R T French potato business bought from Reckitt & Colman of the UK.

The final-quarter figures take Pillsbury's earnings for the full

LONDON TRADED OPTIONS

Option	Calls	Puts
Allied Lyons	[illegible]	[illegible]
B.P.	[illegible]	[illegible]
Cons. Gold	[illegible]	[illegible]
Courtaulds	[illegible]	[illegible]
Com. Union	[illegible]	[illegible]
Cable & Wire	[illegible]	[illegible]
Distillers	[illegible]	[illegible]
G.E.C.	[illegible]	[illegible]
Grand Met.	[illegible]	[illegible]
I.C.I.	[illegible]	[illegible]
Land Sec.	[illegible]	[illegible]
Marks & Spen.	[illegible]	[illegible]
Shell Trans.	[illegible]	[illegible]
Trafalgar House	[illegible]	[illegible]
Lonrho	[illegible]	[illegible]
Brit Aero	[illegible]	[illegible]
BAT Inds	[illegible]	[illegible]
Barclays	[illegible]	[illegible]
Brit. Telecom	[illegible]	[illegible]
Cadbury Schweppes	[illegible]	[illegible]
Imperial Gr.	[illegible]	[illegible]
Ladbroke	[illegible]	[illegible]
P. & O.	[illegible]	[illegible]
Racal	[illegible]	[illegible]
R.T.Z.	[illegible]	[illegible]
Vaal Reefs	[illegible]	[illegible]
Tr. 11¾% 1991	[illegible]	[illegible]
Tr. 11¾% 03/07	[illegible]	[illegible]
Beecham	[illegible]	[illegible]
Boots	[illegible]	[illegible]
BTR	[illegible]	[illegible]
Bass	[illegible]	[illegible]
Blue Circle	[illegible]	[illegible]
De Beers	[illegible]	[illegible]
Dixons	[illegible]	[illegible]
GKN	[illegible]	[illegible]
Glaxo	[illegible]	[illegible]
Hanson	[illegible]	[illegible]
Jaguar	[illegible]	[illegible]
Thorn EMI	[illegible]	[illegible]
Tesco	[illegible]	[illegible]
FT-SE Index	[illegible]	[illegible]

CURRENCIES and MONEY

FOREIGN EXCHANGES

Trade figures depress dollar

The dollar finished towards the day's lows yesterday in reaction to a wider than expected trade deficit of $14.2bn. This fuelled speculation that the Federal authorities may have to cut interest rates and allow the dollar to fall in order to help redress the imbalance. Consequently the dollar retreated from opening levels but failed to break through DM 2.20.

This reflected fears that central banks would intervene to stop a sharp fall in the dollar, presumably in order not to cause problems for the Japanese authorities ahead of next month's general election.

The dollar fell to a low of DM 2.20 before closing at DM 2.2045 down from DM 2.2215.

Against the yen it slipped through Y166 to finish at Y165.45 down from Y166.0 on Thursday. Elsewhere it finished at SFr 1.8075 from SFr 1.8195 and FFr 7.03 compared with FFr 7.0825. On Bank of England figures, the dollar's exchange rate index fell from 115.5 to 115.0.

Sterling benefited from the dollar's weakness to finish close to its best level of the day. Its exchange rate index recovered from a low of 76.0 to finish at 76.2 up from 76.1 at the opening and 76.0 on Thursday night.

The pound was underpinned by a growing feeling that UK interest rates were unlikely to fall in the near future. Against the D-Mark, sterling was slightly easier at DM 3.3725 from DM 3.3750 but rose against the yen at Y253 from Y252.25. It was unchanged against the Swiss franc at SFr 2.7650 but eased a little in terms of the French franc to FFr 10.7525 from FFr 10.7625. It improved against the dollar to $1.5295 from $1.5195.

£ IN NEW YORK

June 27	Latest	Prev. close
£ Spot	$1.5290-1.5305	$1.5210-1.5220
1 month	0.38-0.37pm	0.38-0.37pm
3 months	1.10-1.05pm	1.06-1.05pm
12 months	5.60-5.50pm	5.56-5.48pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	June 27	Previous
8.30 am	76.1	75.9
9.00 am	76.0	75.8
10.00 am	76.0	75.7
11.00 am	76.1	75.8
Noon	76.0	75.8
1.00 pm	76.0	75.9
2.00 pm	76.3	75.9
3.00 pm	76.2	76.0
4.00 pm	76.2	76.0

POUND SPOT—FORWARD AGAINST POUND

June 27	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.5155-1.5300	1.5290-1.5300	0.40-0.37c pm	3.02	1.10-1.05 pm	2.81
Canada	2.1129-2.1224	2.1185-2.1220	0.36-0.27c pm	1.78	0.64-0.50 pm	1.0
Nethlnd.	3.78⅝-3.80½	3.79½-3.80½	1¼-1c pm	3.55	3⅞-3¼ pm	3.0
Belgium	68.69-69.10	69.00-69.10	20-15c pm	3.04	49-40 pm	2.5
Denmark	12.47¼-12.53	12.51-12.52	2½-1½ore pm	2.10	4⅝-3⅝ pm	1.5
Ireland	1.1130-1.1185	1.1150-1.1160	0.08-par p pm	0.43	0.15-par pm	0.2
W. Ger.	3.36¾-3.37⅝	3.36¾-3.37¾	1⅝-1½pf pm	5.56	4¼-4⅛ pm	5.1
Portugal	227.92-230.73	229.00-230.70	90-250c dis	−8.88	290-760dis	−0.1
Spain	216.16-216.28	215.70-216.05	110-210c dis	−8.90	300-460 dis	−7.0
Italy	2308½-2319½	2310½-2311½	3-12lire dis	−3.89	10-23 dis	−2.8
Norway	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
France	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sweden	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Japan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Austria	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Switz.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Belgian rate is for convertible francs. Financial franc 69.75-69.85. Six-month forward dollar 2.05-2.00c pm. 12-month 5.72-5.65c pm.

CURRENCY RATES

June 27	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.770512	0.658617
U.S. dollar	[illegible]	[illegible]	[illegible]
Canadian $	[illegible]	[illegible]	[illegible]
Austria Sch.	[illegible]	[illegible]	[illegible]
Belgian Fr	[illegible]	[illegible]	[illegible]
Danish Kr.	[illegible]	[illegible]	[illegible]
D'mark	[illegible]	[illegible]	[illegible]
Guilder	[illegible]	[illegible]	[illegible]
French Fr	[illegible]	[illegible]	[illegible]
Lira	[illegible]	[illegible]	[illegible]
Yen	[illegible]	[illegible]	[illegible]
Norway Kr.	[illegible]	[illegible]	[illegible]
Spain Pta.	[illegible]	[illegible]	[illegible]
Swedish Kr.	[illegible]	[illegible]	[illegible]
Swiss Fr.	[illegible]	[illegible]	[illegible]
Greek Dr'ch	[illegible]	[illegible]	[illegible]
Irish Punt	[illegible]	[illegible]	[illegible]

* CS/SDR rate for June 27: 1.63050.
[illegible]

CURRENCY MOVEMENTS

June 27	Bank of England Index	Morgan Guaranty Changes %
Sterling	76.2	−15.2
U.S. dollar	116.0	−5.0
Canadian dollar	78.4	−12.5
Austrian schilling	126.6	+7.1
Belgian franc	88.4	−7.5
Danish Kroner	86.1	−1.0
Deutsche mark	133.1	+14.8
Swiss franc	160.9	+17.6
Guilder	123.3	+10.5
French franc	69.3	−13.4
Lira	46.2	−17.6
Yen	207.0	+59.5

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

OTHER CURRENCIES

June 27	£	$
Argentina	[illegible]	[illegible]
Australia	[illegible]	[illegible]
Brazil	[illegible]	[illegible]
Finland	[illegible]	[illegible]
Greece	[illegible]	[illegible]
H'kong	[illegible]	[illegible]
Iran	[illegible]	[illegible]
Kuwait	[illegible]	[illegible]
Luxembourg	[illegible]	[illegible]
Malaysia	[illegible]	[illegible]
N'Zealand	[illegible]	[illegible]
Saudi Ar.	[illegible]	[illegible]
Sin'pore	[illegible]	[illegible]
S.Af (Cm)	[illegible]	[illegible]
S.Af (Fn)	[illegible]	[illegible]
U.A.E.	5.6015-5.6076	3.6720-3.6735

* Selling rate.
Correction for June 26: Finland 55.1550-5.1570. S'Af (Fn) £6.4555-6.7425.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

June 27	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.5155-1.5300	1.5290-1.5300	0.40-0.37c pm	3.02	1.10-1.05 pm	2.81
Ireland†	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Canada	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nethlnd.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Belgium	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Denmark	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
W. Ger.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Portugal	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Spain	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Italy	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norway	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
France	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sweden	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Japan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Austria	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Switz.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 45.60-45.70.

EURO-CURRENCY INTEREST RATES

June 26	Short term	7 Days notice	Month	Three Months	Six Months	One Year
Sterling	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
U.S. Dollar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Can Dollar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
D Guilder	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sw. Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Deutschmrk	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fr. Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Italian Lira	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
B.Fr (Fin)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
B.Fr (Con)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Yen	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
D. Krone	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Asian $ Sing	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Long-term Eurodollars: two years 7¼-7⅜ per cent; three years 7⅝-8⅛ per cent; four years 8-8⅛ per cent; five years 8⅛-8⅜ per cent nominal. Short-term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

Jun. 27	£	$	DM	YEN	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
YEN	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
F Fr.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
S Fr.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
H Fl.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Lira	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
C $	0.471	0.720	1.586	110.1	5.062	1.302	1.789	1088.	1.	30.5
B Fr.	1.448	2.216	4.884	366.4	15.67	4.004	5.505	5347.	5.076	100

Yen per 1,000: French Fr per 10: Lira per 1,000: Belg Fr per 100.

MONEY MARKETS

Quiet ending to quiet week

Activity in yesterday's money market centred round the accommodation of a large shortage and squaring off ahead of the weekend. Elsewhere there was very little activity. The Bank of England gave part of its assistance through a sale and repurchase agreement through until July 22 but this was seen as an attempt to accommodate market shortages rather than give a message.

Three-month interbank money was quoted at 9⅞-9¾ per cent compared with 9¾-9⅞ per cent. Weekend interbank money opened at 10¼-10½ per cent and traded between a high of 11 per cent and a low of 10 per cent before finishing mostly at 11 per cent.

UK clearing bank base lending rate, 10 per cent since May 22

The Bank of England forecast a shortage of around £1,100m with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £903m and Exchequer transactions a further £131m. There was also a rise in the note circulation of £270m. These were partly offset by banks, balances brought forward £205m above target. To help alleviate the shortage the Bank offered an early round of assistance which totalled £489m and comprised outright purchases of £6m of eligible bank bills in band 2 at 9⅞ per cent and sale and repurchase agreements on £483m of bills at 10-10$\frac{1}{16}$ per cent, unwinding on July 22.

Further help was given in the morning of £67m through outright purchases of £62m of eligible bank bills in band 2 at 9⅞ per cent and £5m in band 3 at 9 per cent. In the afternoon additional help came to £470m and was made up of outright purchases of £84m of eligible bank bills in band 1 at 9⅞ per cent, £275m in band 2 at 9⅞ per

The average rate of discount fell to 9.3029 per cent from 9.5050 per cent at the weekly Treasury bill tender although dealers suggested that with only £100m on offer the decline was not indicative of any general fall in rates. The market seemed more interested in accommodating the shortage and squaring positions ahead of the weekend. The £100m of bills on offer attracted bids of £485.2m, met as to about 45 per cent and above in full on a minimum accepted bid of £97.68. Next week a further £100m will be on offer replacing a similar amount of maturities.

FT LONDON INTERBANK FIXING

(11.00 a.m. June 27)

Three months US dollars		Six months US dollars	
bid 6 13/16	Offer 6 15/16	bid 6 13/16	Offer 6 15/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

June 27	Ov'r-night	One Month	Two Months	Three Months	Six Months	Lombard Int'v'tn
Frankfurt	4.25-4.50	4.40-4.55	4.45-4.60	4.45-4.60	4.50-4.65	5.5
Paris	7½	7⅛-7¼	7⅛-7¼	7⅛-7¼	7⅛-7¼	7
Zurich	[illegible]	5⅛-5¼	—	5⅛-5¼	—	—
Amsterdam	6¼-6⅜	6⅛-6¼	—	6-6⅛	—	—
Tokyo	4.59375	4.65625	—	4.71875	—	—
Milan	12⅝-12¾	12⅛-12⅜	—	11⅞-12⅛	—	—
Brussels	6.65	7⅛-7¼	—	7⅛-7⅜	—	—
Dublin	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—

LONDON MONEY RATES

June 27	Over night	7 days notice	Month	Three Months	Six Months	One Year
Interbank	10-11	10¼-10½	10-10⅛	[illegible]	[illegible]	[illegible]
Sterling CDs	—	—	[illegible]	[illegible]	[illegible]	[illegible]
Local Authority Deposits	10⅛-10¼	9⅞-10⅛	[illegible]	[illegible]	[illegible]	[illegible]
Local Authority Bonds	—	—	10⅛	10⅛	10⅛	[illegible]
Discount Mkt Depos	9-10¾	10-10⅛	[illegible]	[illegible]	—	—
Company Depos	10¼-11	10¼-10½	10⅛-10¼	[illegible]	—	—
Finance House Depos	—	—	10⅛	[illegible]	[illegible]	[illegible]
Treasury Bills (Buy)	—	—	[illegible]	[illegible]	—	—
Bank Bills (Buy)	—	—	[illegible]	[illegible]	[illegible]	—
Fine Trade Bills (Buy)	—	—	[illegible]	[illegible]	[illegible]	—
Dollar CDs	—	—	6.88-6.90	6.9-6.93	6.93-7.00	7.10-7.15
SDR Linked Depos	—	—	[illegible]	[illegible]	[illegible]	[illegible]
ECU Depos	—	—	[illegible]	[illegible]	[illegible]	[illegible]

Treasury Bills (sell): one-month 9 21/32 per cent; three months 9 9/16 per cent. Bank Bills (sell): one-month 9 25/32 per cent; three months 9 9/16-9⅝ per cent. Treasury Bills: Average tender rate of discount 9.3029 per cent. ECGD Fixed Finance Scheme IV reference date May 7 to June (inclusive) 10.176 per cent. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 10½ per cent from June 1 1986. Bank Deposit Rates for sums at seven days' notice 4.55-4.375 per cent. Certificates of Tax Deposit (Series 8): Deposit £100,000 and over held under one month

WORLD STOCK MARKETS

WALL STREET

Firm after early record

MODEST GAINS were held on Wall Street yesterday after retreating from record territory.

After opening 6.74 higher at a record 1886.67, the Dow Jones Industrial Average partially reacted to 1884.98 by 1 pm, for a net rise of 4.78 on the day and 5.44 on the week. The NYSE All Common index was up 39 cents to a new all-time peak of $143.06, making a rise of $2.43 on the week. Advances led declines by a seven-to-six margin in a volume of 104.75m shares.

Stronger credit markets and a wave of merger activity gave a lift to trading. But gains were trimmed by profit-taking and technical resistance at the record highs.

Five of the six most active stocks were involved in merger-related trading, analysts said. Panhandle Eastern was second on the actives, advancing $3¾ to $48—it said it received a third party offer, which it turned down.

N.L. Industries, which recently received a bid offer from Harold Simmons, put on $¾ to $14¾. Also linked to merger speculation were Fruehauf up $1⅛ to $49⅝ and Safeway up $1⅞ to $53¼.

Phibro-Salomon recovered $1⅞ to $48⅝, after sliding Thursday on the news its May results were marginally profitable due to trading losses.

ITT moved up $1⅜ to $54—it said it was negotiating the sale of some telecommunications interests in GCE of France.

General Instrument climbed $⅞ to $21⅜ on favourable comment, citing improvement in the semiconductor and cable television markets. Two other chipmakers gained ground. Texas Instruments rose $2⅜ to $120 and Motorola $1⅜ to $39½.

A widening of the US trade deficit to $14.21bn in May indicated lower GNP growth, buoying interest rate hopes.

Sanders led actives, up $13⅞ to $48½. Loral offered $44 a share, and the expectation was that bids may go higher.

THE AMERICAN SE Market Value index shed 0.95 to 282.90, reducing its rise on the week to 2.29. Volume 8.77m shares.

Wang Laboratories "B" lost $½ to $15, topping actives.

Closing prices for North America were not available for this edition.

CANADA

Stocks fell back from gains earlier in the session to hold a small advance in active midday trading.

The Toronto composite index was up 2.0 to 3070.8, but the Oil and Gas index lost 11.6 to 2536.9 and Golds shed 16.0 to 3945.2.

AUSTRALIA

Easier in modest trading as investors took to the sidelines in response to the weak Australian dollar and concern over the direction of the economy.

The All Ordinaries index eased 6.5 to 1183.6, the All Industrials index was off 13.0 to 1900.0, the All Reseources 1.5 to 640.8, Metals and Minerals 4.9 to 504.8 and Solid Fuels 10.8 to 431.6. The Gold index firmed 1.2 to 935.2.

National turnover 441.8m shares, worth A$159.5m. Falls outnumbered rises 308 to 220.

Industrials continued their slide for the fourth consecutive day in the wake of several dismal economic forecasts and the weak Australian dollar.

Banks also came under pressure from the fragile dollar and were generally easier.

TOKYO

Sharply lower as profit-taking overwhelmed early active bargain hunting during a heavy first day of trading for July delivery.

After leaking 36.85 to a record 17,637.80 in early dealings, the Nikkei Dow Average fell back sharply to end at 17,500.43, down 100.52 from Thursday's record 17,600.95 close. Turnover was a heavy 1.15bn shares (900m).

Most previous market leaders among "low-priced" large asset issues succumbed to selling by institutional investors seeking to increase cash positions ahead of the July 6 elections.

Strong market expectations that prices would rise sharply on the first trading day for July delivery were frustrated by insitutional selling. One broker said institutional investors such as life insurers, pension funds and other corporate investors were just waiting to sell into the advance.

However, brokers said the market undertone will remain firm due to the setting up of many large investment trusts this week and next. Shares will also be holstered by the huge surplus funds held by institutional investors and companies, and the lack of many attractive investment alternatives.

HONG KONG

Steady in fairly active late bargain hunting.

Institutions tended to be on the selling side to lock in profits at the end of the half-year.

The Hang Seng index was up 0.60 to 1,750.98, after losing some nine points in mid-morning. The Hong Kong index gained 0.89 to 1,193.20. Turnover HK$338.18m (HK$319m).

Ka Wah resumed trading between HK$5.95 and a low of HK$1.52 before settling at HK$4.80. It was suspended on December 2 at HK$1.12.

SINGAPORE

Generally lower, but above the worst, after fairly active trading.

Dealers said in the absence of fresh factors, widespread falls were recorded in the morning as some investors took profits from stocks which had recorded sharp gains recently. Some Central Provident Fund investors also were disposing of their holdings.

The Straits Times Industrial index fell 3.67 to 752.34, while the SE All Share index eased 0.33 to 248.29. Declines led advances 91-to-76. Turnover 23.2m (30.2m) shares.

Intraco, subject to takeover offer from UIC, gained 3 cents to S$2.00, with more than 400,000 units traded.

Traders noted that UIC prediction of a 83 per cent increase in profit, after tax and minority interests, to S$24.7m in the year ending December 31, 1986, gave the market a steadier undertone.

GERMANY

Relatively quiet but mostly firmer in a technical reaction to recent losses after US and British investors made no attempts to shed stock for the first time this week.

Limited domestic demand, including that from insurance investment funds, which are ending their business year at the end of June, and generally strong corporate figures announced at annual meetings also underpinned prices.

The Commerzbank index of 60 leading shares, calculated at midsession, rose 23.5 to 1,951.6.

Dealers said news of government plans to privatise its stakes in car-maker VW, up DM 0.80 at 537, and utility Veba, up DM 0.50 at 278.5, limited gains in those two shares. "After the Viag flotation we do not expect much from the next move," one dealer with a major West German bank said.

Other Autos closed with stronger gains, with BMW adding DM 5 at 597 and Daimler rising DM 39 to 1,394, while utility RWE rose DM 3.50 to 213.50.

Viag, floated by the Federal Government on June 11 at a much criticised DM 165, rose DM 1 to 154.50.

Telecommunications firm SEL advanced DM 20 to 380 on news that parent ITT was planning to restructure some of its European operations.

SWITZERLAND

Steady, while volume was light ahead of the weekend and the summer holiday season. Dealers said the decline on Wall Street overnight and the end-of-month operations of the banks had only limited impact on the market.

Banks gained ground on expectations of buoyant half-year earnings to be announced in July.

AMSTERDAM

Lower after the usual lacklustre Friday business was further dampened by pre-summer holiday lethargy. Investors preferred to take profits and square positions.

Turnover a moderate Fls 345m. All-Share index rose 0.3 to 291.5 and the Industrials index even reached a new 1986 high at 287.11, up 2.5, reflecting Thursday's late gains by Unilever and Royal Dutch.

Unilever gained Fl 1 to 484.50—it plans to sell its Research International unit to the Ogilvy Group of New York.

NEW YORK

INDICES

CANADA

NEW YORK ACTIVE STOCKS

AUSTRIA

BELGIUM/LUXEMBOURG

DENMARK

FRANCE

GERMANY

ITALY

NETHERLANDS

NORWAY

SPAIN

SWEDEN

SWITZERLAND

AUSTRALIA

HONG KONG

JAPAN

SINGAPORE

SOUTH AFRICA

** Saturday June 21. Japan Nikkei 17454.86, TSE 1348.86.

Base value of all indices are 100 except Brussels SE—1,000, JSE Gold—255.7, JSE Industrial—264.3, and Australia, All Ordinary and Metals—500. NYSE All Common—50; Standard and Poor's—10; and Toronto Composite and Metals—1,000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds.

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended

COMMODITIES AND AGRICULTURE

REVIEW OF THE WEEK

Copper price falls to 3½-year low

BY RICHARD MOONEY

THE WEAKNESS of the London Metal Exchange's copper contract was emphasised this week as developments on the North American labour front reduced the probability that industrial action would result in protected supply disruptions this year.

First the two-and-a-half week pay strike at Noranda of Canada's Montreal refinery was called off and then, more significantly, Newmont Mining of the US said it had reached tentative agreement in pay talks with union leaders, who made substantial concessions in accepting a deal which would cut labour costs by 20 per cent in the hope of saving jobs at loss-making plants.

The tentative Newmont settlement is seen as greatly enhancing the prospects that labour negotiations at other big US producers—Kennecott, Asarco and Inspiration Resources—can be concluded without major production losses.

For the bullish speculator, however, this is very bad news. Sluggish demand for copper has been pushing prices lower for some months and the possibility of US labour unrest has been just about the only potentially bullish factor on the horizon.

With that prospect now seen to be receding LME copper prices this week tested new low ground and the cash metal ended the week £53 down at a three-and-a-half year low of £874.50 a tonne.

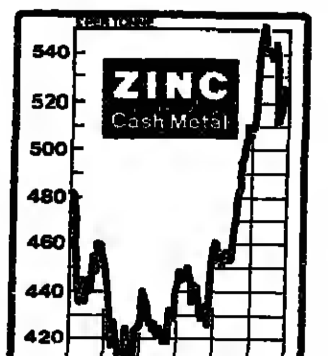
The American labour situation was not the only factor depressing LME copper prices, however. Sterling's gains against the dollar also played a part, and there was the purely technical influence of the impending disappearance of the Exchange's *higher grade copper contract.*

For nearly three months now the forward position on the LME has been in the new "Grade A" contract while the cash position has remained on the old "higher grade" contract. Next Tuesday, however, Grade A takes over completely, and this week has seen a rush to unload certain brands of higher grade material which will not be deliverable against Grade A contracts. This has largely taken the form of "lending" (selling cash and buying forward) and the effect can be seen in the particular weakness of the cash position. The cash discount against three months, which ended last week at £19.25 a tonne, widened £42.50 a tonne at one point this week, before closing in again yesterday to end at £34.25.

All the other LME base metals lost ground on the week too, with cash lead ending £97.50 down at £2,647.50 a tonne, cash aluminium £13.50 down at £756.50 a tonne, and cash nickel £97.50 down at £2,647 a tonne.

Zinc, while not actually bucking the trend, at least ended the week on a bullish note. News yesterday that workers at Noranda's Valleyfield, Quebec, refinery had voted to reject the company's latest pay offer and continue their three-week-old strike prompted a £9 rise which left the cash position a relatively modest £10 down on the week at £526.50 a tonne.

Among London's "soft" commodities coffee provided the most excitement, although once again it was not the sort to stir the blood of the bullish speculator.



With the Brazilian winter remaining stubbornly mild the likelihood of a frost in the coffee belt providing the upward impetous many speculators are looking for has been receding with every day that passes. Having begun the year on a high note, reflecting the damage done to the Brazilian crop by last year's prolonged drought, the coffee market has generally been in retreat ever since, and with consuming country roasters exceptionally well supplied following covering purchases earlier in the year the approach of the frost season has seen an unseasonable decline in prices.

This week that decline was fuelled by confirmation of rumours that Brazil was about to cut its minimum export price. When the announcement came the reduction was not enough even to bring the price within hailing distance of the world market level. But the mere fact of Brazil being forced into a price cut in mid-July was sufficient speed the market's fall.

In the first three days of the week the September coffee futures price lost £189.50 to £1,684.50 a tonne — the lowest level since October, 1985. A technical recovery lifted the price by £28 a tonne on Thursday but that rally was wiped out again yesterday.

WEEKLY PRICE CHANGES

	Latest prices per tonne unless stated	Ch'nge on week	Year ago	1986 High	1986 Low
METALS					

† Unquoted. (g) Madagascar. (w) July. (x) June-July. (y) July-Aug.

INDICES

REUTERS

June 27	June 26	M'th ago	Year ago
1463.8	1438.8	1756.8	1768.0

(Base: September 18 1931 = 100)

DOW JONES

Dow Jones	June 26	June 25	Month ago	Year ago
Spot	127.60	127.82	—	118.24
Fut.	113.31	113.11	—	118.36

(Base: December 31 1931 = 100)

GRAINS

ALUMINIUM

COPPER

LEAD

NICKEL

GOLD

TIN

ZINC

SILVER

CATHODES

US MARKETS

THE COFFEE MARKET tried to rally early in the session but found no follow-through and resumed its downward trend to close with losses of 3.00-4.20c per lb, reports Heinold Commodities. The market came under pressure from trade selling, reflecting lack of cold weather in Brazil, high consumer stocks and falling producer prices. The uncertainty over the outcome of next week's ICO meeting in London and the short week due to the US 4th of July weekend also added to the market's nervous tone. Sugar futures closed higher on short-covering by commission houses, lacking news of any significance. Buying may have been encouraged after spot July sugar held psychological support at 6c and Brazil's statement that they would withdraw from the market as sellers.

NEW YORK

CHICAGO

GAS OIL FUTURES

SOYABEAN MEAL

COFFEE

RUBBER

POTATOES

COCOA

OIL

MEAT

SUGAR

FREIGHT FUTURES

LONDON STOCK EXCHANGE

Equity leaders improve on new account demand

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
June 16	June 26	June 27	July 7
June 30	July 10	July 11	July 21
July 14	July 24	July 25	Aug 4

* "New-time" dealings may take place from 8.30 am two business days earlier.

A typical end-Account session in London ended with leading equities staging a customary late improvement on unpenalised demand for the new trading period starting on Monday. Earlier business had been restrained by a continuing shortage of funds and by the Bank of England's warning on interest rates. In its latest quarterly bulletin, the Bank suggested that rates may have to remain high so that wage settlements in line with inflation can be achieved. It stressed that unit labour costs were still rising faster than UK competitors.

During the official trade "new-time" inquiries were negligible, apart from a small quantity of cash and new operations, but interest was shown in a range of situation stocks. Bid speculation in Grattans was fuelled by a newspaper report of a possible merger with Next, while option-related business gave both Beecham and Courtaulds fresh boosts. ICI also advanced further following the previous evening's meeting with investment analysts.

Most investors, however, were content to deliberate on the chances of success in the Thames TV and Morgan Grenfell flotations. Over the next week or so, large sums of cash will be returned to disappointed applicants, although the allocation of Thames TV should ensure that around 50 per cent of those applying get a small number of shares.

Illustrating the lethargic official market, the FT indices posted losses at all calculations until the after-hours' business. The FT Ordinary share then improved to close a net 1.3 up at 1,354.4.

Index-linked Gilts came under pressure, reportedly on sales activated by chart trends. The market became extremely sensitive and selected issues fell 1½ points in contrast to conventional Gilts which, until the official close, maintained a firm tone. News at 3.30 pm of fresh Government funding of £450m via the issue of three £150m tranches of existing stocks caused some dismay. A large seller appeared and longer-dated bonds lost firmness to end with losses ranging to ½.

Lloyds jump

Lloyds advanced 23 to 390p on consideration of the dividend and profits forecast which accompanied its final and increased offer for Standard Chartered. Standard, meanwhile, reacted from an initial firm level of 800p to 788p on disappointment with the new terms of around 819p per share, before rallying to end the session a net 5 dearer at 793p. NatWest, still hopeful of a successful conclusion for its record £714m rights issue, moved up 13 to 822p, while Barclays added 11 at 518p and Midland gained 5 at 558p. Elsewhere, Brown Shipley cheapened 10 on profit-taking to 580p; on Wednesday the shares touched 700p on the announcement that Henry Ansbacher and its parent company, Groupe Bruxelles Lambert SA had sold their 20.7 per cent stake to Kredietbank SA Luxembourgeoise for 750p per share. Guinness Peat improved 4 to 91p following revived speculative support.

Composite Insurances succumbed to sporadic bouts of end-Account profit-taking. Royals dipped 12 to 863p, after 855p, while General Accident relinquished 15 at 822p. Among Lloyds Brokers, Sedgwick lost 9 to 335p on reports of a cautious broker's circular.

Breweries maintained a firmer trend. Marston Thompson improved 4 to 109p in response to the preliminary figures, while Belhaven 3 higher at 50p, after 51p. Buckleys, also the subject of speculative activity, advanced 7 to 105p.

Buildings recorded several noteworthy movements, but business overall was extremely quiet. BPB responded afresh to the good preliminary statement and touched 518p before settling 5 dearer at 515p for a two-day gain of 28. R. M. Douglas 8 higher at 122p, while Heal Bar, a good market recently on the property deal, met with revived buying interest and closed 14 up at 240p. Burnett and Hallamshire eased 5 to 13p on the annual results and progress report; the company also announced that following preliminary discussions with Anglo United Developments it has been agreed not to proceed with a merger.

Among Chemicals, ICI met with further US and domestic support in the wake of its meeting with analysts and closed 13 higher at 994p.

Grattan up again

Mail order concern Grattan highlighted the Store sector with a fresh speculative jump of 22 making an advance of 52 on the week at 454p on rumours of an imminent bid from Next, unaltered at 262p. Empire rose 4 to 202p and Freemans gained 8 to 418p in sympathy. Elsewhere, Storehouse moved up 13 to 328p, following reports of a broker's recommendation, while Stirling Group reflected vague takeover gossip with a rise of 8 at 114p. Woolworth, however, dropped 33 to 730p on fears that the bid from Dixons will fail; the closing date is on Wednesday. Dixons softened a couple of pence to 336p.

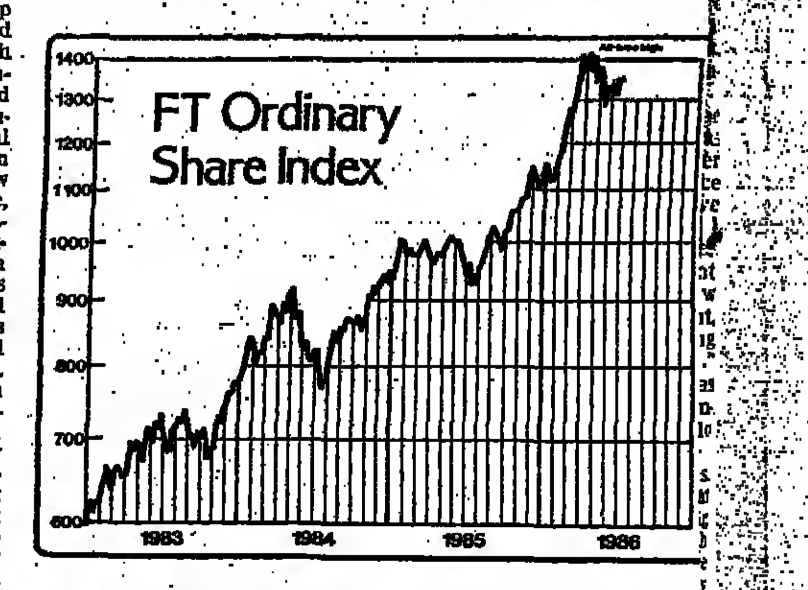
settled by fears of tougher regulations on its telephone charges, eased afresh to 220p before settling at 222p for a fall of 16 on the week. Falls in the Electrical leaders were limited to a couple of pence, but GEC held steady at 216p awaiting next Tuesday's preliminary statement. Cable and Wireless, a good market earlier in the week on the annual results and proposed one-for-one scrip issue, encountered occasional profit-taking and reacted 7 to 695p. Fresh nervous offerings left United Leasing down 20 more at 180p; the preliminary figures are expected on July 14.

APV featured in the late dealings, falling 55 to 615p on news that Siebe had lapsed its takeover bid for the company. Elsewhere in the Engineering sector, favourable Press mention stimulated demand for Thomas Robinson, which put on 9 to 332p, while further consideration of the preliminary results left Chemring 15 to the good at 590p. Savelev continued to shrug aside the Government's proposal to control salt prices and closed 20 higher at 590p. Wellman edged up 3 more to 34p after the preliminary figures. In contrast, profit-taking clipped 9 from James Neill at 183p and 4 from Renold at 69p. Among the leaders, Hawker were noteworthy for a fall of 8 at 561p.

Rumours of a Tesco bid for Bejam next Account intensified and sent shares of the latter racing ahead to close a further 9 up and 18 higher on the week at 175p; Tesco cheapened 5 at 367p. Elsewhere in Foods, Bernard Matthews, recently bought in response to Press comment, attracted renewed support and jumped 23 to 280p, while Fitch Lovell firmed 5 to 278p, after 285p, following news of the sale of its loss-making bacon wholesale and distribution business. Hillsdown, still reflecting acquisition news, added 4 afresh at 297p and Wold put on 5 at 65p.

Beecham feature late

Beecham, helped by overnight US demand, traded firmly around 412p before moving ahead in the late dealings on revived takeover talk to close 15 higher at 421p. Elsewhere in the miscellaneous industrial leaders, Glaxo, still reflecting Zantac competition fears, eased 3 more to £10¼. Renewed demand ahead of Monday's interim figures left Blue Arrow up 14 more at 396p while bid speculation continued in Christie's International which put on 12 further to 310p. Pearson were also the subject of speculative activity and closed 15 to the good at 535p. Investment demand left Smith's Industries



10 higher at 299p, while CH Industrials edged up 4 to 92p following comment on the preliminary figures. Lower annual profits, however, left Midland Marts 3 off at 150p. Buying interest revived in Waterford Glass which gained 5 to 123p, while other bright spots included Tiphook, 10 up at 280p and Sidlaw, 7 dearer at 132p. Speculative buying prompted a gain of 5 to 36p in SI Group.

Television concerns continued to reflect the heavy oversubscription for the Thames Television with TVS N/V again prominent with a rise of 8 at 263p. Elsewhere in the Leisure sector, First Leisure added 10 to a peak at 383p; the interim results are scheduled for July 18.

Jaguar rose 9 to a year's high of 540p following renewed American buying and support inspired by a chart "buy" signal. ERF continued their recent upsurge and put on 3 more to 79p, after 80p, still boosted by the strong profits recovery unveiled earlier in the week. Among Components, Jonas Woodhead spurted 5 to 63p amid talk that Mr Ron Brierley is building a strong stake in the company. Garages provided numerous outstanding features, notably Western Motor, finally up 42 at 225p — for a week's gain of 57 — reflecting rumours of an imminent property revaluation. H. J. Quick jumped 10 to 84p on speculative support, while Alexanders hardened a shade to 18¼p following press comment. Lex Service, on the other hand, met sustained selling and retreated to 360p on talk of a broker's sell recommendation before bouncing back to close a net 16 off at 365p.

Firm Newspapers were featured by Associated which rose 15 to 348p on buying ahead of the interim results scheduled for July 9. Elsewhere, John Waddington, which earlier in the Account revealed excellent annual results and a proposed 400 per cent scrip issue, improved 5 more to a new peak of 935p.

Interest in Land Securities waned considerably after this week's speculative flurry on revived takeover hopes and the close was unaltered at 339p, after 338p. Elsewhere in Properties, investors showed a renewed interest in Egerton Trust [illegible] of the interim results [illegible]

higher at 99p. Abaco Investments, an outstanding performer on the Account following [illegible] Harding, dropped to 65p on proposed acquisition of insurance loss adjusters, Toplis [illegible] Account profit-taking before rallying to finish unaltered at 68p. Sheraton Securities closed a penny easier at 33p, after [illegible] following details of the proposed £10m rights issue.

Courtaulds attracted persistent and often sizeable demand following the chairman's statement and reports that a company presentation to analysts had gone well and rose 10 more to 300p, up 21 on the week.

Mercantile House attracted revived speculative support in the new Account and closed 15 better at 298p. Aitken Hume, however, which on Thursday rejected the revised share exchange offer from Tranwood, lost 6 at 160p following profit-taking.

IC Gas improve

The oil leaders showed [illegible]

Republic in two months' time. Dollar prices of gold and related issues moved narrowly and usually closed a shade easier on balance, reflecting the late decline in the Financial Rand but sterling quotations came under pressure from the currency strength of the pound.

The Gold Mines index fell 1 to 198.5, extending the decline over the week to one of 15.3. South African Financials also [illegible] Platinums moved in tandem with Golds. De Beers slipped 4 to 416p, "Anglo" 1 to £35¼, OFS 1 to £11¾ and Gold Fields South Africa 29 to 655p. Platinums, Rustenburg lost 18 to 540p and Impala 13 to 530p.

Australian mines [illegible] continuing slide in the Australian dollar against sterling [illegible] economic news [illegible] Western Mining rounded off a poor week with a further 4 fall to a year's low 130p—a five-day decline of [illegible] Pancontinental lost 4 to equal the 1986 low of 76p.

Traded Options

Total contracts transacted in Traded Options amounted to 17,950. Courtaulds were particularly active and recorded 2,2[illegible] calls following the chairman's encouraging statement, while Grand Metropolitan attracted 1,102 calls.

TRADITIONAL OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
June 23	July 4	Sept 25	Oct 6
July 7	July 18	Oct 9	Oct 20
July 21	Aug 1	Oct 23	Nov 3

For rate indications see end of Unit Trust Service

Stocks to attract money for the call included Keep Trust, Driefontein, North Kalgurli, Abbey Life, Berkeley and Hay Hill, Sound Diffusion, Hawley Group, Harris Queensway, ASD, MFI, Trusthouse Forte, Blue Circle, Guinness, [illegible] Jonas Woodhead, [illegible]

STOCK EXCHANGE DEALINGS

...etails of business done below have been taken with consent from last Thursday's Stock Exchange Official List and should ...t be reproduced without permission. Details relate to those securities not included in the FT Share Information services. ...nless otherwise indicated, denominations are 25p and prices are in pence. The prices are those at which the business ...as done in the 24 hours up to 3.30 pm on Thursday and settled through the Stock Exchange Talisman system; they are ...t in order of execution but in ascending order which denotes the day's highest and lowest dealing prices. For those ...ecurities in which no business was recorded in Thursday's Official List, the latest recorded business in the three previous ...ays is given with the relevant date.
...Bargains at special prices. ⊕ Bargains done the previous day. △ Bargains done with non-member or executed in overseas ...arkets.

STERLING ISSUES BY FOREIGN GOVERNMENTS AND INTERNATIONAL INSTITUTIONS

Asian Dev Bk 10¼pcLn 2009 (Reg) £104½ ... Australia (Comm of) 9½pcLn 2012 (Reg) ... 11¼pcLn 2015 (Regl £111⅞ ... European Inv Bk 9pcLn 2001 (£30 pd) ...

BDC Go U.55pcPf (£1) 58½ (23/6). 2.6pc 2ndPf (£1) 30 (20 6). 3.5pc2ndPf (£1) 46 (23 6). 9pc7ngeDb 1988 £97.. 9pc TnguDb 1900 £9p¾ (28/6). 11½pcTnpa Do 1992 £186¼. 12¼pcLn 1812-17 £121 (25/6)
BPB Inds 10¼pcDb 1007-2002 £102½ (20 6)
BSG Intnl 12½pcLn 1993-98 £186 ½ (24 6)
BSR Intnl 5½pcLn 1985-98 £83
BTR New (10p) 307 33

Laird 8pcLn 1966-93 £80 (23.6)
Laporte Inds (Hldgs) 5½pcPf (£1) 49 (25/6) 5¼pcDb 1868-93 £84½ ¼ (28/6)
Lewis (John) 5pcPf (£1) 58 (25/6). 7pc Pf (£1) 68 (23/6)
Lewis (John) Partnership 8pcPf (£1) 47½ 8. 7½pcPf (£1) 72 (23/6)
Lewis's Invest 6½pcDb 1865-90 £88¼
Lea Service 2nd Ser Wts to sub 218 (25/6). 6½pcPf (£1) 82 (24/6). 8½pc Ln 1992-97 £90 (25/6)

COMMONWEALTH GOVT.

FOREIGN STOCKS

STERLING ISSUES BY OVERSEAS BORROWERS

BANKS, DISCOUNT

BREWERIES

COMMERCIAL, INDUSTRIAL

A—B

C—D

E—F

G—H

I—J

L—M

N—O

P

Q—R—S

T—U—V

W—Y—Z

WSL Hldgs (5p) 184 5 6 7
Waddington (John) 8pcPf (£1) 87 (23 6)
Wade Potteries 10pcPf (£1) 183½ (20 6)
Walker & Staff Hldgs (5p) 62 8
Walker (J. D.) 235 (25/6)
Walker (Thomas) (5p) 25 (25/6)
Ward White Gp Pf (10p) 116 ½ 9 ½ 28 ½ 1
Warner-Lambert (31) £28¼ (20 6)
Waverley Cameron 120 3. 8pcPf (£1) 55 (25/6)
Weir Gp 10pcPf (£1) 105 (20 6)
Wellcome 200 1 2 3
Wallmas 10pcIrrdCnvPf (£1) 120 38 1
West Bromwich Spring (10p) 36. 11.5pc Pf (£1) 72 (25/6)
Western Motor Hldgs A N-Vtg Ord 158 80 1 ½ 2 3 5 6½. 5½pcPf (£1) 40 (25/6)
Westland Wts sub Ord 21. 7½pcCnvPf (£1) 108 (23 6). 6pcDb 1983-88 £90½ (20/6). 7¼pcDb 1967-92 £91

FINANCIAL TRUSTS

INSURANCE

INVESTMENT TRUSTS

UNIT TRUSTS

MINES—MISCELLANEOUS

MINES—SOUTH AFRICAN

OIL

PROPERTY

UTILITIES

WATERWORKS

PLANTATIONS

RAILWAYS

SHIPPING

UNLISTED SECURITIES MARKET

SPECIAL LIST

RULE 535 (4) (a)

Bargains marked in securities where principal market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List.

RULE 535 (2)

Applications granted for specific bargains in securities not listed on any exchange

RULE 535 (3)

Dealings for aproved companies engaged solely in mineral exploration

Kenmare Oil Expln (Ir£0.25) 5½
North West Oil and Gas (20p) 5¼

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FINANCIAL TIMES STOCK INDICES

	June 27	June 26	June 25	June 24	June 23	year ago	1986 High	1986 Low	Since Compilation High	Since Compilation Low
Government Secs	90.84	90.84	90.99	90.68	90.47	81.70	94.51 (18/4)	80.39 (21/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	96.95	96.92	96.69	96.68	96.61	86.38	97.51 (22/4)	86.55 (23/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ordinary ♥	1354.4	1353.1	1344.8	1339.9	1338.2	998.6	1425.9 (3/4)	1094.3 (14/1)	1425.9 (3/4/86)	49.4 (26/6/40)
Gold Mines	198.5	202.1	193.5	203.7	208.5	425.1	357.0 (27/1)	192.3 (26/6)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div. Yield	4.08	4.08	4.11	4.12	4.12	4.93				
Earnings Yld.%(full)	9.77	9.79	9.86	9.89	9.87	12.36				
P/E Ratio (net) (*)	12.46	12.43	12.35	12.31	12.33	9.88				
Total Bargains (Est.)	26,420	23,845	23,116	24,575	23,889	25,628				
Equity Turnover £m.	—	634.88	531.05	479.02	585.47	370.20				
Equity Bargains	—	25,219	20,690	20,784	22,936	20,165				
Shares Traded (ml)	—	270.4	221.4	191.6	233.4	211.9				

S.E. ACTIVITY

Indices	June 26	June 25
Gilt Edged Bargains	114.0	131.2
Equity Bargains	150.4	133.8
Equity Value	1283.2	2073.4
5-Day Average		
Gilt Edged Bargains	123.6	125.0
Equity Bargains	141.9	141.3
Equity Value	1138.8	1153.7

Opening	10 a.m.	11 a.m.	Noon	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1351.3	1351.0	1348.9	1349.5	1349.6	1349.5	1350.4	1351.8

Day's High 1354.4. Day's Low 1348.2

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974 *Nil=12.02.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-246 8026

5-DAY ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price	Day's change	Stock	Closing price	Day's change
Abaco Invs	68	—	Guinness	333	+ 3
Beecham	421	+15	ICI	994	+13
Belhaven Brew	50	+ 3	Lex Service	385	−18
Century Oils	147	+12	Lloyds Bank	390	+23
Courtaulds	300	+10	Standard Chartd	793	+ 5
Gratton	454	+22	Woolworth	730	−33

YESTERDAY'S ACTIVE STOCKS

Based on bargains over the five-day period ending Thursday

Stock	No. of changes	Last Thurs. close	Change on week	Stock	No. of changes	Last Thurs. close	Change on week
ICI	120	981	+27	Glaxe	85	£10⅞	− ⅛
NatWest New	114	505	+ 2	AE	84	250	+68
Beecham	109	406	+18	Brit Telecom	84	224	−10
Standd Chart	104	788	−17	GEC	80	215	+10
Cable & Wire	95	702	+22	BAT Inds	79	402	+15
Heath (C. E.)	93	540	−47	BP	72	588	+18

THURSDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List

Stock	No. of changes	Thurs. close	Day's change	Stock	No. of changes	Thurs. close	Day's change
ICI	30	981	+15	Dwek	20	143	− 2
Bejam	27	166	+ 5	Blue Arrow	15	382	+16
Vickers	24	473	+13	Dowty	19	229	+ 5
Beecham	22	406	+ 4	Tele Rentals	19	225	+10
Parkfield	22	515	+30	BPB Inds	18	510	+23
Pentland Inds	21	885	+25	Sharatoo Sec	17	54	+ 4

NEW HIGHS AND LOWS FOR 1986

NEW HIGHS (93)

AMERICANS (3) CPC Int. ITT Corp. Southwester Bell. BREWERS (6) Allied-Lyons. Brown (M.). Buckley's Brew. Devenish (J. A.). Welv and Dudley. BUILDINGS (3) BPB Inds. Douglas (Robt M.). Helical Bar. STORES (3) Ellis and Goldstein. Gelfer (A. J.). Stirling Group. ELECTRICALS (4) ASEA AB B. Pilco. Rotaflex. UEI. ENGINEERINGS (5) Crown House. Newman Tonks. Staveley Inds. Wagon Inds. Wellman. FOODS (3) Barker and Dobson. Cheshire Wholefoods. Matthews (B.). INDUSTRIALS (15) Benlox. British Steam. Burndene Inv. CH Industrials. Elbief. Equipu. Fitzwilton. Hoy (Norman). Lawtex. Pearson. Star Computer. Sunlight Service. Suter. Tphook. Unilever. INSURANCE (1) PWS Intl. LEISURE (3) Scottish TV. TSW. TVS non-vtg. MOTORS (3) Jaguar. Quick (H. and J.). Wuptera Motors. NEWSPAPERS (6) Assoc Book Publishers. Assoc Newspapers. Bristol Evening Post. Daily Mail A. EMAP A. Independent. PAPER (4) Osborne and Little. Smith (David S.). Waddington (J.). Wight Collins RS. PROPERTY (7) Bradford Property. Oancoro. Greycoat. London and Edinburgh 6⅞pc Cnv Prf. Raglan Property. Scottish Metropolitan. Speyhawk. TEXTILES (2) Stroud Riley. Tootal. TRUSTS (27). OILS (3) Century Oils. ELF UK 12¼pc Ln. Petrofina SA. PLANTATIONS (1) Grand Central. MINES (1) York Resources.

NEW LOWS (27)

BRITISH FUNDS (1) Treasury 3pc 1991. AMERICANS (2) Amax. Dameon Oil. BUILDINGS (1) Burnett and Hallamshire. CHEMICALS (1) Rentokil. STORES (2) Liberty. De non-vtg. ELECTRICALS (3) Farnell Electronics. Rodime. United Leasing. INDUSTRIALS (4) Anglet. European Ferries. Ipeco. Stonehill. INSURANCE (1) Abbey Life. LEISURE (1) Samuelson. PAPER (1) LCA Hldgs. SHIPPING (1) British and Commonwealth. TRUSTS (1) Caledonia Invs. OILS (4) Berkeley Expln. Moenie Oil. Sovereign Oil. TR Energy. MINES (4) West Rand. Libanon. Zandpan. Sosrgea Expln.

RISES AND FALLS ON THE WEEK

	Yesterday Rises	Yesterday Falls	Yesterday Same	On the week Rises	On the week Falls	On the week Same
British Funds	23	50	39	282	164	114
Corpns. Dom. and Foreign Bonds	15	2	54	79	57	219
Industrials	260	312	927	1,345	1,443	4,713
Financial and Properties	92	82	406	573	424	1,903
Oils	12	31	77	82	108	400
Plantations	1	0	14	13	10	52
Mines	13	52	120	118	284	523
Others	42	87	116	348	331	533
Total	458	916	1,755	2,860	2,821	8,457

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1986 High	1986 Low	Stock	Closing Price p	+ or −	Net Div.	Times Cov'd	Gross Yield	P.E. Ratio
§125	F.P.	24/7	146	136	Accord Publications 5p	146	+1	Rd3.1	2.6	3.0	18.4
‡	F.P.	—	117	117	Airsprung Group 10p	117	.....	5.4	2.8	6.5	7.7
150	F.P.	30/6	151	138	Alumasc Group	148	.....	R5.85	2.5	5.6	10.2
135	F.P.	11/7	190	155	Arlington Sec. 10p	190	+3	b1.7	4.3	1.3	26.1
150	F.P.	20/6	161	148	Barker (Charles) 5p	158	+5	u3.0	3.1	2.7	17.2
145	F.P.	—	158	150	Beaverco 5p	150	.....	u5.0	2.4	5.1	11.9
‡	F.P.	—	53	50	Bertrams Inv. Tst.	50	.....	—	—	—	—
147	F.P.	4/7	140	130	Blick 5p	138	.....	R3.4	3.1	3.5	13.2
145	F.P.	25/7	175	158	Bredero Props	158	−4	R4.25	2.3	3.8	13.4
68	F.P.	20/6	61½	54	Brit. Isl. Airways 10p	56	.....	bd2.82	2.1	7.1	7.8
130	F.P.	18/7	115	100	C'bell & Armstrong 5p	100	−3	u3.91	1.9	5.5	12.7
130	F.P.	4/7	167	150	Clarke Hooper 5p	151	.....	u2.3	2.9	2.2	22.7
84	F.P.	—	91	85	Coated Electrodes 5p	86	.....	u3.9	1.6	6.4	13.4
125	F.P.	6/6	138	123	Comb. Lease Fin. 50p	128	.....	L1.35	3.9	1.5	18.4
107	F.P.	27/6	131	113	Dalepak Foods 5p	128	.....	R2.3	3.2	2.5	17.4
155	F.P.	6/6	232	172	Davies (D.Y.) 5p	214	.....	u3.4	2.7	2.2	23.1
80	F.P.	11/6	62	50	Dean & Bowes 5p	62	.....	L2.5	1.5	5.1	16.7
130	F.P.	6/6	151	133	Debtor 10p	138	.....	u4.0	2.7	4.1	13.0
58	F.P.	4/7	64	59	Denistron Intl 5p	64	.....	u1.65	2.1	3.6	16.4
39	F.P.	27/6	42	32	Eadie	39	+1	R1.75	2.0	6.3	9.4
120	F.P.	17/7	123	111	Evans Halshaw	120	.....	u3.38	3.1	6.8	7.9
140	F.P.	4/7	130	120	Fields (MrsJ)esS0.05	120	.....	RQ4.5c	2.6	2.6	15.2
150	F.P.	25/6	155	150	Guthrie Corp	153	−1	u5.3	2.2	4.9	9.8
148	F.P.	20/6	150	141	Haggas (John) 10p	142	.....	ud3.0	3.2	3.0	14.7
85	F.P.	—	93	90	Hodgson Hldgs 5p	91	.....	R2.13	2.3	3.3	16.5
104	F.P.	—	118	90	Jarys Hotel	102	−2	u3.75	2.1	5.2	11.3
145	F.P.	16/7	130	125	Lopex 5p	128	+3	R4.0	2.3	4.4	13.7
‡	F.P.	—	62	49	Merlin Int'l Props	53	.....	u0.58	2.0	1.5	39.3
157	F.P.	26/6	157	145	Monotype Corp 10p	153	.....	R9.4	1.6	4.1	15.2
165	F.P.	18/6	190	170	P-E International 10p	180	.....	1.8	3.4	1.4	29.0
100	F.P.	27/6	107	103	Savage Group 20p	107	+3	R3.0	2.5	3.9	14.1
165	F.P.	—	184	178	Smallbone 10p	178	−2	u5.0	2.3	4.0	16.6
—	F.P.	—	48	43	Smith Newcourt War'ts	48	.....	—	—	—	—
40	F.P.	31/7	42	35	Soundtracs 5p	36	+1	61.2	2.8	4.7	10.7
95	F.P.	25/7	110	104	Task Force 5p	110	+3	R1.78	3.8	2.3	16.3
112	F.P.	8/8	121	116	Tenby 20p	116	.....	u4.0	2.6	4.9	9.0
100	F.P.	23/6	102	91	Usher (Frank) 5p	93	.....	u4.5	1.9	6.8	11.1
110	F.P.	26/6	152	123	Worcester 10p	151	.....	u3.91	2.2	3.6	14.9

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1986 High	1986 Low	Stock	Closing Price £	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Ascari 8% Cum. Conv. Red. Pref.	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Barkers Inv. Tst. 10½% Deb. 2016	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Bristol Water 9.8% Red Deb '96	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Brit. Alcan Aluminium 10¼% Deb. 2011	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Brit. Emp. Secs. 10¾% Deb. 2011	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Brixton Est. 9.5% 1st Mort Deb 2026	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Estates & Gen. 11¼% 1st Deb. 2018	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	European Inv. Bank 9⅝% Ln 2001	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Friendly Hotels 5% Conv. Cum Red. Pref.	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Guest Strategic Inv. Tst. 10¼% Deb. 2016	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Gt. Portland 9⅝% 1st. Mort. Deb. 2016	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Land Securities 10% 1st. Mort. Deb.25	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Lon. Prov. Shop 10% 1st. Mort. Deb. 2026	[illegible]	[illegible]
§99.793	£25	29/9	24⅝	21½	Lon. Shop Prop. 10% 1st. Mort. Deb. 2026	22	.....
—	F.P.	—	100¼	99½	Nationwide 9½ 15/6/87	99½	.....
§97.50	F.P.	11/7	97⅛	96⅛	Paribas Concorde Tst.9.364% Deb. 1991	97	+⅛
§99.623	F.P.	30/6	100⅝	95½	Peel Hldgs. 9⅝% 1st. Mort. Deb. 2011	95½	.....
§87.179	£30	26/9	30⅝	28⅞	Portugal 9% Ln. 2016	29¾	.....
§99.888	£40	1/8	44	39½	Queens Moat 10¼% 1st. Mort. Deb. 2020	39½	.....
§105	£50	10/10	46	44½	Smith New Court 12pc Uns. Ln. 2001‡‡	45½	+¼
§99.480	£25	18/7	31¼	24⅞	S.E. 10⅛% Nort. Deb. 2016	25⅛	+½
§99.50	£10	28/8	9¼	8	Sund. & S. Shields Wtr 9.8% Rd Db '96	8	−½
§48.835	F.P.	15/8	48¾	47⅞	Tesco 4% Uns Deep Dis Ln 2006	48¼	.....
¶¶	F.P.	—	125p	112p	Tomkins (F.H.)5.6% Cum. Cnv. Red. Prf	123p	−1
99.073	£25	8/8	25¼	23¼	Tops Est. 10¼% 1st. Mort. Deb. 2011/16	23½	.....
¶¶	F.P.	—	106p	104p	Williams Hldgs. 5¼% Com. Conv. Red. Pref.	104p	−1
£100	£50	12/9	50¼	47¼	Wilson Inv. 8½% Deb 2016	47¼	−½

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1986 High	1986 Low	Stock	Closing Price p	+ or −
40	Nil	—	11pm	8pm	Anglo African Fin. 7½p	8pm	.....
470	Nil	—	200pm	100pm	Antofagasta Hldgs. £1	100pm	−12
55	Nil	—	½pm	¼pm	Bertrams Inv. Tst.	½pm	+¼
110	F.P.	11/7	139	132	Britannia Arrow	138	.....
190	Nil	8/8	45pm	28pm	Clifford's Dairies	30pm	.....
170	Nil	8/8	27pm	22pm	Do A N/V	22pm	.....
465	Nil	—	89pm	80pm	Costain Group	80pm	.....
880	Nil	—	145pm	135pm	De la Rue	145pm	+5
30	F.P.	18/7	41	34	Feedex Agricultural 10p	35	.....
41	Nil	15/8	11pm	8½pm	Five Oaks Invs.	10pm	+1½
300	F.P.	24/7	345	328	Gerrard & Natl.	330	.....
148	Nil	—	26pm	26pm	Ibstock Johnsen	26pm	.....
235	F.P.	18/7	263	240	Lep. Group 2p	240	.....
235	F.P.	11/7	262	247	McCarthy & Stone 20p	255	.....
45	F.P.	11/7	95	88	Molyn 20p	90	.....
200	F.P.	18/7	505	450	Nat West Bank £1	505	.....
18	F.P.	23/7	23	19	Neil & Spencer 10p	22	.....
50	Nil	—	12pm	10pm	‡Pinapple Dance Studios 10p	12pm	.....
£14	Nil	—	500pm	500pm	Priest Marians £1	500pm	.....
2	F.P.	15/7	4¼	2¼	‡Property Trust 'A' 1p	4	.....
600	F.P.	22/7	857	748	Prudential Corp	857	+4
½	Nil	11/7	2½pm	1¼pm	Rotaprint ½p	2½pm	.....
285	Nil	6/8	51pm	43pm	Scottish TV 10p	51pm	+1

Renunciation date usually last day for dealing free of stamp duty. a Annualised dividend. b Figures based on prospectus estimates. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. F Forecast dividend cover on earnings updated by lastest interim statement. H Dividend and Yield based on prospectus or other official estimates for 1987. L Estimated annualised dividend, cover and p/e based on latest annual earnings. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. r Indicated dividends; cover relates to previous dividend; p/e ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ‖‖ Introduction. ** Issued by way of capitalisation. § Placing price. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ▦ Allotment price. ‡ Unlisted securities market. †† Official London listing. ‡‡ Including warrants entitlement.

EUROPEAN OPTIONS EXCHANGE

Series		Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	Stock
GOLD C	$320	10	29	—	—	—	—	$344.90
GOLD C	$370	—	—	2	6	—	—	"
GOLD C	$380	10	0.70	—	—	—	—	"
GOLD P	$300	30	0.50	—	—	—	—	"
GOLD P	$340	13	4.20B	—	—	—	—	"
		Sept.		Dec.		March		
SILV C	$600	—	—	8	15	—	—	$503
£/FL P	Fl.390	—	—	3	18.50B	—	—	Fl.380.40
$/FL C	Fl.250	99	6.80	—	—	—	—	Fl.248.95
$/FL C	Fl.255	183	4.60B	—	—	—	—	"
$/FL C	Fl.260	260	3.50	1	5.30A	—	—	"
$/FL C	Fl.265	272	2	—	—	—	—	"
$/FL C	Fl.270	30	1.20B	—	—	—	—	"
$/FL P	Fl.240	342	3.20	—	—	—	—	"
$/FL P	Fl.245	211	5.70	2	8.50	—	—	"
$/FL P	Fl.250	26	8	—	—	—	—	"
$/FL P	Fl.260	—	—	3	16.50	—	—	"
$/FL P	Fl.265	15	17.70	—	—	—	—	"
		July		Oct.		Jan.		
ABN C	Fl.620	79	2	113	12.50A	—	—	Fl.589
ABN P	Fl.580	73	3.70	59	15	8	19	"
AEGN C	Fl.120	10	0.20	42	2.70	6	4.80	Fl.108.30
AEGN P	Fl.110	9	2.80	62	6.20	3	7.70	"
AH C	Fl.90	15	2	79	5	11	7A	Fl.89
AH P	Fl.75	122	0.10	12	0.90	—	—	"
AKZO C	Fl.170	398	2.50	27	9.30	38	13.50	Fl.167.70
AKZO P	Fl.170	90	3.50	56	7	32	9.10	"
AMEV C	Fl.85	10	0.70	10	2.80	128	5.20B	Fl.80.50
AMEV P	Fl.85	—	—	150	5.90	—	—	"
AMRO C	Fl.115	11	0.40	86	3.40	1	7	Fl.106.60
AMRO P	Fl.105	8	1.50	61	4.20	29	5.70	"
GIST C	Fl.310	73	2.10	100	11.90	—	—	Fl.294.90
GIST P	Fl.260	10	0.70	13	2.30	—	—	"
HEIN C	Fl.170	41	3	19	8.10	—	—	Fl.161.50
HEIN P	Fl.160	2	0.50	54	2.50	—	—	"
HEO C	Fl.172.50	27	1.50	3	7	—	—	"
HEO P	Fl.165	20	2.10	1	5.10	—	—	"
HOOG C	Fl.105	11	8	329	12.70	—	—	Fl.112.50
HOOG P	Fl.105	5	0.30	103	2.70	—	—	"
KLM C	Fl.50	136	0.50	82	2.90	24	4.50	Fl.48.30
KLM P	Fl.50	105	2.50	93	4.60	24	5.50	"
NEDL C	Fl.190	22	0.30	2	5.60B	—	—	Fl.176.30
NEDL P	Fl.170	—	—	25	5.60	4	8.50	"
NATN C	Fl.100	—	—	—	—	437	2.50	Fl.85.90
NATN P	Fl.100	—	—	5	15	—	—	"
PHIL C	Fl.60	40	0.10	233	1.50	316	2.70	Fl.52.80
PHIL P	Fl.55	279	2.40	176	3.60	36	9.50B	"
RD C	Fl.200	724	3.90	452	9	72	13.50	Fl.201
RD P	Fl.200	165	2.50	432	7	31	7.70	"
ROBE C	Fl.77.50	2	16.50	—	—	—	—	Fl.93.70
UNIL C	Fl.500	42	3.90	106	18.50	15	28	Fl.484.50
UNIL P	Fl.480	11	9.30	64	12.50	6	15.10B	"

TOTAL VOLUME IN CONTRACTS: 18,023

A=Ask B=Bid C=Call P=Put

BANK RETURN

BANKING DEPARTMENT

	Wednesday June 25, 1986		Increase (+) or decrease (−) for week
	£		£
LIABILITIES Capital	14,553,000		—
Public Deposits	81,582,189	+	2,961,045
Bankers Deposits	960,662,719	+	76,905,524
Reserve and other Accounts	1,340,082,416	−	17,073,133
	2,396,880,324	+	62,793,436
ASSETS Government Securities	437,646,311	−	77,973,371
Advance & other Accounts	683,368,688	−	10,257,128
Premises Equipment & other Secs.	1,272,302,103	+	156,059,598
Notes	3,283,892	−	5,021,553
Coin	279,330	−	14,110
	2,396,880,324	+	62,793,436

ISSUE DEPARTMENT

	£		£
LIABILITIES Notes in Circulation	12,366,716,108	+	55,021,553
Notes in Banking Department	3,283,982	−	5,021,553
	12,370,000,000	+	50,000,000
ASSETS Government Debt	11,015,100		—
Other Government Securities	5,098,781,836	−	340,463,863
Other Securities	7,260,203,064	+	390,463,863
	12,370,000,000	+	50,000,000

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

AUTHORISED UNIT TRUSTS & INSURANCES

Eagle Star Insur./Midland Assur.
1 Threadneedle St, London EC2 — 01-588 1212

EagleMid. Units	156.2	161.9	-0.6	4.64

Equitable Life Assurance Society
4 Coleman Street, London EC2R 5AP — 01-606 6611

Far Eastern	140.5	147.9	-0.4	—
Fd of Inv Tsts	126.2	132.8	+0.3	—
Gilt & Fixed Int	117.0	123.2	+0.1	—
High Income	150.0	157.9	+0.3	—
Intnl Growth	96.7	101.8	-0.1	—
Managed	126.6	133.3	+0.1	—
Money	105.5	111.0	....	—
North American	118.7	124.9	+0.9	—
Pelican	137.1	144.3	----	—
Property	105.6	111.2	....	—
Special Sits	144.7	152.3	-0.3	—
School Fee Managed	137.0	144.2	+0.1	—
Pension Funds				
Far Eastern	153.0	161.1	-0.6	—
Fd. of Inv. Tsts	134.0	141.0	+0.4	—
Gilt & Fixed Int	122.7	129.2	+0.3	—
High Income	168.2	177.1	+0.4	—
International Growth	96.8	101.9	-0.2	—
Managed	123.5	130.0	+1.2	—
Money	112.7	118.6	..	—
North American	122.4	128.8	----	—
Pelican	149.1	156.9	-0.1	—
Property	105.8	111.4	....	—
Special Sit	159.4	167.8	-0.4	—

Equity & Law
Amersham Road, High Wycombe — 0494 33377

UK Equities Fund	426.2	[illegible]	+0.1	—
Higher Inc. Fund	407.5	[illegible]	+0.9	—
Property Fund	259.0	[illegible]	----	—
Fixed Interest Fund	240.5	[illegible]	+0.3	—
Index Lnkd Secs Fund	107.5	[illegible]	-1.5	—
Gtd. Deposit Fund	172.5	[illegible]	....	—
Nth. America Fund	247.0	[illegible]	-0.6	—
Far East Fund	238.3	[illegible]	-0.9	—
Europe Fund	195.9	[illegible]	-1.2	—
International Fund	264.8	[illegible]	-1.0	—
Mixed Fund	334.7	[illegible]	-0.3	—
Ind. Pen. Equity (z)	519.5	[illegible]	+1.2	—
Ind. Pen. High Inc. (z)	117.8	[illegible]	+0.6	—
Ind. Pen. Fxd Int. (z)	263.8	[illegible]	-0.2	—
Ind. Pen.IdxLk.Scs.(z)	130.8	[illegible]	....	—
Ind. Pen. Property (z)	205.3	[illegible]	....	—
Ind Pen N America (z)	106.9	[illegible]	+0.6	—
Ind Pen Far East (z)	127.8	[illegible]	+0.1	—
Ind Pen European (z)	107.4	[illegible]	+0.6	—
Ind. Pen. Overseas (z)	469.8	[illegible]	+1.6	—
Ind. Pen. Balanced (z)	355.2	[illegible]	+0.6	—
Ind. Pen. Cash (z)	202.9	[illegible]	----	—
Ind Pen DAF Ser 2(z)	112.6	[illegible]	----	—
Ind Pen DAF Ser 1(z)	215.1	[illegible]	----	—

Prices are Series 2; Series 1 available on request
Group Pension Funds—Prices available on request

Family Assurance Society
19 New Rd, Brighton BN1 1WS — 0273 724570

Family A. Managed	374.2	381.8	----	—
Family B. Managed	221.3	225.8	----	—
Family C. Bns.	202.8	206.9	----	—
Family D. Fixed Int.	198.1	202.2	----	—
Family Capital Mngd.	206.6	210.8	----	—

Henderson Administration (z)
26 Finsbury Sq, London, EC2 — 01-638 5757

High Income	264.1	278.8	+0.7	—
Gilt Edged	97.3	102.7	-0.5	—
Cap Growth	244.3	257.9	+0.9	—
Technology	188.9	199.4	+0.8	—
Nat. Resources	113.1	119.4	+1.5	—
Special Situations	270.1	285.1	+1.5	—
N. America	257.6	271.9	+1.0	—
Far East	308.0	325.1	+4.0	—
Managed	290.3	306.4	+1.3	—
Deposit	137.5	144.8	.....	—
Prime Res	172.4	181.5	.....	—
Managed Currency	102.8	108.5	-0.1	—
Global Health Care	124.1	131.0	+1.0	—
European	158.7	167.5	+0.4	—
Property	134.0	141.1	----	—
Japan Fund	100.3	105.9	----	—
Pension Funds				
UK Equity	214.8	226.8	+0.7	—
Fixed Interest	146.3	154.5	-0.6	—
Special Sits	210.9	222.6	+1.3	—
N American	153.0	161.5	+0.7	—
Far East	223.4	235.8	----	—
Managed	212.3	224.1	+0.2	—
Prime Res	158.2	166.6	----	—
Deposit	137.2	144.5	----	—

Capital units prices available on request

Hill Samuel Life Assur. Ltd
NLA Tower, Addiscombe Rd, Croydon — 01-686 4355

Security Fund (z)	252.8	[illegible]	----	—
British Fund (z)	246.5	[illegible]	----	—
International Fund (z)	399.0	[illegible]	+1.2	—
Dollar Fund (z)	204.5	[illegible]	+1.1	—
Capital Fund (z)	243.3	[illegible]	+0.4	—
Income Fund (z)	297.1	[illegible]	+0.3	—
Property Series A (z)	209.9	[illegible]	----	—
Property Units (z)	334.3	[illegible]	----	—
Financial Fund (z)	233.6	[illegible]	----	—
Managed Series A (z)	270.2	[illegible]	+0.5	—
Managed Series C (z)	198.2	[illegible]	+0.4	—
Managed Units (z)	417.0	[illegible]	+0.8	—
High Yield Fund (z)	276.0	[illegible]	----	—
Money Series A (z)	168.4	177.[illegible]	----	—
Money Units (z)	215.7	22[illegible]	+0.2	—

INSURANCE, OVERSEAS & MONEY FUNDS

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

Money Market Trust Funds

Money Market Bank Accounts

NatWest Special Reserve Account
41 Lothbury, London EC2P 2BP 01-726 9933

£2,000 to £9,999	9.25	6.875	9.51	Qtr
£10,000 and above	9.375	7.00	10.12	Qtr

Oppenheimer Money Mgmnt Ltd
66 Cannon St, EC4N 6AE 01-236 1425

Money Mngt. Acc	9.125	6.52	—	3-Mth

Phillips & Drew Trust Ltd
120 Moorgate, London EC2M 6XP 01-628 9771

High Int Chq Acc	9.75	7.29	10.55	Qtr

Provincial Trust
30 Ashley Rd, Altrincham, Cheshire 061-928 9011

High Int Chq Acc	10.25	7.66	11.17	Mth

Royal Bank of Scotland plc
42 St Andrew Sq, Edinburgh EH2 2YE. 031-557 0201

Premium Account	9.50	7.10	10.27	Qtr

Save & Prosper/Robert Fleming
28 Western Rd, Romford RM1 3LB. 0708 66966

H.I.B.A.	9.25	6.93	10.24	Daily

Tyndall & Co
29-33 Princess Victoria St, Bristol 0272 732241

Demand Acc	9.69	7.26	10.59	Qtr
Money Acc	9.53	7.12	10.30	Qtr

J. Henry Schroder Wagg & Co Ltd
Enterprise House, Portsmouth 0705 827733

Special Acc.	9.00	6.73	9.77	Mth
Over £10,000	9.25	6.91	10.04	Mth

Western Trust & Savings Limited
The Moneycentre, Plymouth PL1 1SE 0752 24141

High Int Chq Acc	10.00	7.48	10.83	Qtr

NOTES—Gross: rate to those exempt from composite rate of tax. Net: actual rate after deduction of CRT. Gr Equiv CAR: Gross equivalent to basic rate taxpayers—compounded annual rate. Int Cr: frequency interest credited.

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. ‡ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. φ Yield column shows annualised rates of NAV increase. xd ex dividend.

TRADITIONAL OPTIONS

3-month call rates

Industrials	p		
Allied-Lyons	28	Marks & Spencer	18
BAT	38	Midland Bk	44
BOC Grp	32	NEI	11
BSR	14	Nat West Bk	78
BTR	45	P & O Dfd	45
Babcock	20	Plessey	20
Barclays	45	Polly Peck	16
Beecham	32	Racal Elect	17
Blue Circle	55	RHM	20
Boots	26	Rank Org Ord	48
Bowaters	30	Reed Intnl	75
Brit Aerospace	48	Sears	12
Brit. Telecom	17	TI	42
Brown (J.)	3	Tesco	30
Burton Ord	32	Thorn EMI	35
Cadburys	17	Trust Houses	12
Charter Cons	22	Turner Newall	18
Comm Union	28	Unilever	120
Courtaulds	25	Vickers	40
Distillers	52	Wellcome	29
FNFC	15	**Property**	
Gen Accident	75	Brit Land	16
Gen Electric	17	Land Secs	30
Glaxo	100	MEPC	32
Grand Met	34	Peachey	24
GUS 'A'	75	Samuel Props	18
Guardian	75	**Oils**	
GKN	32	Brit. Oil & Min	$2\frac{1}{2}$
Hanson Tst	16	Brit Petroleum	48
Hawker Sidd	52	Burmah Oil	50
ICI	50	Charterhall	3
'Imps'	28	Premier	$3\frac{1}{2}$
Jaguar	27	Shell	55
Ladbroke	32	Tricentrol	15
Legal & Gen	79	Ultramar	18
Lex Service	30	**Mines**	
Lloyds Bank	55	Cons Gold	40
Lucas Inds	60	Lonrho	25
		Rio T Zinc	50

LONDON SHARE SERVICE

BRITISH FUNDS

1986 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
[illegible]	[illegible]	[illegible] 14pc 1986	[illegible]	[illegible]	13.81	9.44
[illegible]	[illegible]	[illegible] 2½pc 1986	[illegible]	[illegible]	2.55	7.51
[illegible]	[illegible]	[illegible] 13¼pc 1987	[illegible]	[illegible]	12.98	9.38
[illegible]	[illegible]	[illegible] 10½pc Cv '87	[illegible]	[illegible]	10.20	9.33
[illegible]	[illegible]	[illegible] 2½pc 1987	[illegible]	[illegible]	2.58	7.45
[illegible]	[illegible]	[illegible] 10½pc 1987	[illegible]	[illegible]	10.42	9.30
[illegible]	[illegible]	[illegible] 6½pc '85-87‡‡	98	−⅛	6.63	8.99
[illegible]	[illegible]	Treas. 10pc 1987	[illegible]	[illegible]	9.94	9.28
[illegible]	[illegible]	[illegible] 3pc 1987	96	[illegible]	3.13	7.07
[illegible]	[illegible]	Treas. 12pc 1987	[illegible]	[illegible]	11.62	9.24
104	[illegible]	[illegible] 7¾pc 1985-88‡‡	[illegible]	[illegible]	7.90	9.08
[illegible]	[illegible]	[illegible] 10½pc '88	[illegible]	[illegible]	11.26	9.06
[illegible]	[illegible]	Treas 9½pc Cv '88	[illegible]	[illegible]	9.64	9.07
[illegible]	[illegible]	[illegible] 3pc '78-88	[illegible]	[illegible]	3.24	7.08
107	[illegible]	[illegible] 9½pc '88	[illegible]	[illegible]	9.44	9.17
[illegible]	[illegible]	[illegible] 11½pc 1989	[illegible]	[illegible]	10.93	9.20
[illegible]	[illegible]	Treas 9½pc Cnv. '89	[illegible]	[illegible]	9.39	8.99
[illegible]	[illegible]	Treas 3pc 1989	90	[illegible]	3.33	6.89
[illegible]	[illegible]	[illegible] 10pc 1989	[illegible]	[illegible]	10.16	9.16
[illegible]	[illegible]	[illegible] 1989	[illegible]	[illegible]	9.77	9.14
[illegible]	97	[illegible] 11pc 1989	[illegible]	[illegible]	10.47	9.13
[illegible]	[illegible]	Treas 5pc 1986-89	[illegible]	[illegible]	5.44	7.83
[illegible]	[illegible]	[illegible] 10½pc Cv '89	[illegible]	+⅛	9.62	7.97
[illegible]	[illegible]	Treas 13pc 1990‡‡	[illegible]	.....	11.65	9.08
[illegible]	[illegible]	[illegible] 11pc 1990‡‡	[illegible]	[illegible]	10.41	9.11
[illegible]	[illegible]	[illegible] 12½pc 1990	[illegible]	[illegible]	11.31	9.07
[illegible]	[illegible]	[illegible] 1990	[illegible]	[illegible]	3.40	6.49
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

Index-Linked

[illegible]

INT. BANK AND O'SEAS GOVT STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Building Societies

[illegible]

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

AMERICANS—Cont.

[illegible]

CANADIANS

[illegible]

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS—Cont.

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY & STORES—Cont.

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

[illegible]

INDUSTRIALS—Continued

LEISURE—Continued

PROPERTY—Continued

INVESTMENT TRUSTS—Cont.

FINANCE, LAND—Cont.

MINES—Continued

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

Tins

Miscellaneous

OIL AND GAS

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

Finance, Land, etc

INSURANCES

LEISURE

PROPERTY

300	160	Cons. Murch. 10c	165	—	0100c	♦ 13.2
34	28	♥Emex Int. Ir10p	33	—	—	—
102	70	Greenwich Res.	97	—	—	—
157	93	Hampton Areas 10p	152	−2	♦1.0	— 0.9
230	165	♥Highwood Res.	237	—	—	—
£19¾	£13¾	Homestake Mining $1	£14⅞	—	020c	— 0.9
310	175	♥McFinley Red Lake	200	—	—	—
285	195	♥Mosto Explorations	210	−10	—	—
51	33	♥New Sabina Res C$1	36	—	—	—
260	207	Northgate C$1	210	—	—	—
790	513	RTZ	608	+7	22.0	2.8 5.2
£164	£115	Do. 9¼pcLn'95-2000	£133	—	Q9¼%	15.5 7.4
950	800	♥Tara Expln $1	875	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 29 per cent and allow for value of declared distribution and rights.

● "Tap Stock".
* Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
† Interim since increased or resumed.
‡ Interim since reduced, passed or deferred.
‡‡ Tax-free to non-residents on application.
♦ Figures or report awaited.
♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
♦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
†† Dealt in under Rule 535(3).
# Price at time of suspension.
¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
♦ Merger bid or reorganisation in progress.
♦ Not comparable.
♦ Same interim: reduced final and/or reduced earnings indicated.
§ Forecast dividend; cover on earnings updated by latest interim statement.
‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
‖ No par value.

B.Fr. Belgian Francs. Fr. French Francs. ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1986-87. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Figures based on prospectus or official estimates for 1984. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. Z Dividend total to date.
Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	118	—
Craig & Rose £1	£23	—
Finlay Pkg. 5p	43	—
Holt (Jos) 25p	800	—
IoM Stm. £1	87	—
IRISH		
Fund 11¼% 1988	£103¾	—
Nat. 9¾% 84/89	£101½	+¼
Fin. 13% 97/02	£122⅞	+⅛
Arnotts	317	—
CPI Hldgs	49	—
Carroll Inds	140	−6
Dublin Gas	53	—
Hall (R. & H.)	72	−3
Heiton Hldgs.	32	—
Irish Ropes	138	—
Unidare	198	—

"Recent Issues" and "Rights" Page 15

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £675 per annum for each security.

FINANCIAL TIMES

Saturday June 28 1986

US farm trade falls into deficit

BY STEWART FLEMING IN WASHINGTON

THE US suffered its first monthly deficit on farm trade in 20 years last month as the overall trade deficit surged by more than $2bn to $14.2bn. The rise dashed any lingering hopes of a significant improvement soon in the US trade balance.

The renewed rise in the deficit is likely to damage the Reagan Administration's efforts to resist protectionist trade legislation in Congress.

It will also reinforce the conviction among some Democrats that they can use the trade issue to effect in the November congressional elections when Republican control of the Senate could be decided in a number of farm state re-election races.

As far as the US economy is concerned yesterday's figures suggest the drag on the economy from the huge trade deficit will not diminish significantly in the second quarter. Private as well as government economists already foresee a lacklustre increase in the expansion of gross national product.

That in turn is likely to intensify already increasing pressure on the Federal Reserve Board to ease its monetary policy.

Reaction from the administration was predictably low key. Commerce Department Secretary Malcolm Baldrige again said he hoped the decline in the value of the dollar over the past 18 months would begin to have a positive impact on the trade deficit in the second half of the year.

But some private economists are worried that the sluggish growth in America's industrial country trading partner is a factor behind the US trade problem. The weak performance of US exports heightens that concern. Exports fell 3 per cent to $17.7bn last month.

Structural changes in the world economy are having an adverse impact on the export picture, as with farm trade which is being hit by the expansion of other sources of supply.

The Commerce Department said the trade deficit increased to $14.2bn from a revised $12.1bn. This reflected both the decline in exports and an across the board rise in imports accentuated by a particularly big $700m increase in oil imports.

In spite of the sluggish economy, imports rose from $30bn in April to $31.6bn in May.

Even statistically revised data from the Commerce Department—figures which lag a month behind the unrevised release, were discouraging. They suggested that between March and April, exports declined by $500m to $18bn, imports rose by $1.5bn to $32.3bn and the deficit increased from $12.2bn to $14.3bn.

In the first five months of 1986 on an unrevised basis the trade deficit at $69.75bn is running well ahead of the $55.7bn figure recorded in the same period a year ago. This is leading economists to discount earlier hopes that the 1986 trade deficit will be lower than the $150bn reported in 1985.

Dixons claims 20% of Woolworth

By Lionel Barber

DIXONS, the high street electrical retailer bidding £1.8bn for Woolworth Holdings, said last night that it spoke for more than 20 per cent of Woolworth, after counting purchases and acceptances.

However, Robert Fleming Investment Management, holding about 10 per cent of Woolworth, revealed that it was rejecting Dixons offer and backing Woolworth management.

The announcement came as the bitter bid battle approaches its climax next Wednesday, the closing date for the Dixons offer.

Last night it appeared that some of the big institutional shareholders in Woolworth—many of which backed a buy-out of the British Woolworths from its American parent in late 1982 — had begun to declare their hand.

These institutions control nearly 40 per cent of Woolworth and their attitude to the Dixons bid is decisive. Mr Stanley Kalms, Dixons chairman, said in a statement he was gratified that "so many" institutional shareholders had shown their support for the Dixons offer by putting in acceptances early.

A Dixons spokesman declined to say how many or who the institutional backers were. Key shareholders include Warburg Investment Management, not an original backer of the buy out, which has 13½ per cent; Prudential Assurance with 8 per cent; and the Merchant Navy Officers Pension Fund with nearly 5 per cent.

Last night a Woolworth Dixons claimed 20 per cent appeared to be largely made up of the 13.5 per cent holding of Warburg Investment Management and previously announced purchases of 5.2 per cent of the shares.

Dixons said that it had received acceptances amounting to 12.4 per cent, written confirmation that a further 1.8 per cent would be forthcoming by next week and that, along with parties acting in concert, had purchased 5.2 per cent.

Background, Page 4

Italian Government falls after discontent erupts in coalition

BY JAMES BUXTON IN ROME

MR BETTINO CRAXI Italy's Prime Minister who has headed the longest administration in post-war Italy, resigned yesterday after a parliamentary ambush had removed its majority.

The government was defeated by 27 votes in the Chamber of Deputies on Thursday night over a local government finance Bill. It had lasted nearly two years, 11 months.

Such a defeat would normally have been ignored, but came only minutes after the Government had won a vote of confidence, with a majority of 108. At least 70 government MPs switched sides, taking advantage of secrecy in the second ballot to ally themselves with the opposition Communist Party.

The defeat is evidence of deep discontent in the five-party coalition, in which Mr Craxi's Socialist Party was heavily outnumbered by the Christian Democrats. This discontent has been swelling since the regional election in Sicily on Sunday, when the Socialists failed to make the big advance they had expected and the Christian Democrats were generally held to have done well.

The action of the 70 MPs was deplored by senior Christian Democrats, who insisted that they had not wanted a governmental crisis. They responded to accusations from the Socialists that they had engineered the move by claiming that the Socialists themselves had acted to secure Mr Craxi's fall for reasons of party advantage.

He was at the EEC summit in the Hague when the defeat occurred and left early for Rome. After a brief Cabinet meeting, he went to the Quirinale Palace to present his Government's resignation to President Francesco Cossiga, who accepted it provisionally and asked him to stay as caretaker Prime Minister.

The president will have to start lengthy consultations to seek a solution to the crisis. Since the Christian Democrats have long wanted Mr Craxi to make way for a prime minister from their party, they are likely to press hard for such an outcome. What Mr Craxi wants is unclear.

Mr Craxi became prime minister in August 1983, since when there has been a sustained economic recovery. Last October, his Government provisionally resigned, having been brought down after the Italian cruise liner, Achille Lauro, had been hi-jacked by Palestinian terrorists. After a two-week crisis, however, Mr Cossiga rejected its resignation.

Bonn to sell stakes in VW, Veba

BY RUPERT CORNWELL IN BONN

THE WEST German Government is to sell its 20 per cent stake in Volkswagen, the car group, and its 25 per cent stake in Veba, the energy conglomerate, as part of an abrupt acceleration of its privatisation programme.

The aim is to raise DM 4.5bn (£1.3bn) over 1987 and 1988.

The state government of Lower Saxony, Volkswagen's home state, has a 20 per cent stake in the motor group, which it will retain.

The decision was announced yesterday with the presentation of next year's draft budget by Mr Gerhard Stoltenberg, the Finance Minister.

It owes at least as much to the need to keep his conservative fiscal strategy on course as to his proclaimed determination to reduce the role of the state in industry.

At current stock market prices, the stake in Volkswagen is worth DM 2.5bn, while the holding in Veba is worth almost DM 2.8bn. The immediate prospects fr both, Mr Stoltenberg said, were excellent.

Under the budget plans, built around total state spending of DM 271bn in 1987, 2.9 per cent up on this year, net borrowing by central government will rise only fractionally, to DM 24.3bn from an expected DM 23.7bn

This will be possible, however, only if Mr Stoltenberg manages to push through the VW and Veba sales on schedule, and thus make good an expected sharp drop in profits remitted to the Federal exchequer by the Bundesbank, the West German central bank, and compensate for a steep rise in payments due to the European Community.

The minister yesterday would not be drawn on either the terms or precise timing of the planned sale of the two industrial holdings or on his plans for two other candidates for speedy privatisation — the Deutsche Pfandbriefanstalt (Depfa) and the Deutsche Siedlungs-und Landesrentenbank (DSL), financial institutes in which the state holds interests of 84 per cent and 99 per cent respectively. The Government intends to retain stakes of more than 50 per cent in both, however.

The Federal Government's need to raise extra revenue is above all the result of a sharp fall in the profits which the Bundesbank must constitutionally each year turn over to the Government.

This year they amounted to DM 12.5bn, but in both 1987 and 1988 they are budgeted to drop to DM 7bn because of the fall in the value of the dollar, in which a large part of the central bank's interest earning assets are denominated.

Mr Stoltenberg has been faced with the firm opposition of Mr Franz Joseph Strauss, the Bavarian leader, to any significant reduction in the Government's 74 per cent stake in the national airline Lufthansa, and with the still incomplete recovery at the publicly owned Salzgitter steel group. He thus had no choice but to fall back on Veba and VW if he is to keep his tight budgetary policy on course.

For 1988, the central government is expected to reach DM 26bn, thanks in part to an extra DM 5bn of tax cuts scheduled to take effect that year. Thereafter the deficit will decline to an estimated DM 22bn even though total spending will continue to grow by 2.9 per cent each year.

Of the total DM 271bn of expenditure in 1987, the largest slice, DM 59.5bn, will go on social and welfare outlays. Defence spending is due to rise 1.8 per cent to DM 51.3bn.

The largest allocated increase is of 17 per cent to the Economics Ministry, reflecting the West German Government's support for the planned long-distance A330 and A340 versions of the European Airbus.

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

			Matthews (B)	280	+23
RISES:			Mercantile House	298	+10
Assoc Newspapers	348	+15	Pearson	535	+15
Beecham	421	+15	Quick (H & J)	84	+10
Bejam	178	+9	Robinson (Thomas)	232	+8
Buckley's Brew	103	+7	Staveley Inds	590	+20
Century Oils	147	+12	Storehouse	328	+13
Chemring	590	+15	Western Motor	225	+42
Christies Intl	310	+12	Woodhead (Jonas)	53	+5
Conroy Pet & Nat Res	128	+10	FALLS:		
Courtaulds	300	+10	Treas 2½pc IL 16	£98½	−1¼
Douglas (Robt M)	122	+8	APV	615	−55
Grattan	454	+22	Aitken Hume	160	−6
ICI	994	+13	United Leasing	180	−30
Lloyds Bank	390	+23	Woolworth	730	−33

WORLDWIDE WEATHER

UK today: Sunny intervals, scattered thundery showers; very hot. Outlook: Hot with more thundery showers.

		Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	26	79	Corfu	S	20	68	Luxmbg.	S	26	79	Peking		—	—
Algiers	S	28	82	Dallas†	S	25	77	Madeira	C	20	68	Perth	R	15	59
Amsdm.	S	27	81	Dublin	C	17	63	Madrid	S	31	88	Prague	S	24	75
Athens	S	27	81	Dbrvnk.	S	26	79	Majorca	S	37	99	Reykjvk.	F	13	55
Bahrain	S	36	97	Edinbgh.	S	19	66	Malaga	S	25	77	Rhodes	S	28	82
Barcina.		—	—	Faro	F	22	72	Malta	S	31	88	Rio J'o		—	—
Beirut	S	28	82	Florence	S	19	66	M'chstr.	S	26	79	Rome	S	28	82
Belfast	C	16	61	Frankft.	S	26	79	Melbne		—	—	Salzbrg.	S	24	75
Belgrd.	F	24	75	Geneva	S	27	81	Mx. C.		—	—	S. Frisco†	C	13	55
Berlin	S	26	79	Gibraltar	S	29	84	Miami†	T	27	81	Singapr.	T	23	73
Biarritz	S	22	72	Glasgow	F	22	72	Milan	S	29	84	S'tiago		—	—
Bmghm.	S	26	79	G'nsey	S	19	66	Montrl.†	C	14	57	Stcklm	S	24	75
Blackpl.	R	23	73	Helsinki	S	27	81	Moscow	C	20	68	Strasbg.	S	27	81
Bombay	F	21	66	H. Kong	F	30	86	Munich	S	25	77	Sydney	F	17	63
Bordx.	S	27	81	Innsbrk.	S	26	79	Nairobi		—	—	Tangier	F	23	73
Boulgn.	S	26	79	Invrnss.	S	23	73	Naples	S	29	84	Tel Aviv	S	29	84
Bristol	S	27	81	I.o.Man	C	18	64	Nassau		—	—	Tenerife	F	24	75
Brussels	S	27	81	Istanbul	F	22	72	Nwcstl.	F	20	68	Tokyo	C	24	75
Budpst.	F	24	75	Jersey	S	23	73	N. Delhi	C	31	88	Toronto†	C	21	70
Cairo	S	33	91	Jo'burg	S	17	63	N. York†	C	22	72	Tunis	S	31	88
Cardiff	S	26	79	L. Plms.	S	22	72	Nice		—	—	Valencia	S	29	84
Cape T.	S	25	77	Lisbon	S	21	70	Nicosia	S	29	84	Venice	S	28	82
Chicago†	C	22	72	Locarno	F	28	82	Oporto	R	18	64	Vienna	F	26	79
Cologne	S	28	82	London	S	27	81	Oslo	S	26	79	Warsaw	F	22	72
Cpnhgn.	S	24	75	L. Ang.†	C	16	61	Paris	S	30	86	Zurich	S	25	77

C—Cloudy. Dr—Drizzle. F—Fair. Fg—Fog. H—Hail. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow. T—Thunder.
† Noon GMT temperatures.

Regional brokers to form financial services group

BY JOHN EDWARDS

SEVEN REGIONAL stockbrokers have agreed in principle to amalgamate as a financial services company to increase their competitiveness in the reformed financial markets.

Backed by several City institutions, the firm—to be known as the National Investment Group—will have an initial network of 24 regional offices in England and Wales with nearly 100,000 private clients.

It will be the official broker for 35 public companies although it will not be a market maker in stocks, shares or other securities.

The consortium plans to become operational in August, subject to Stock Exchange approval.

The backers named so far are Royal Life Holdings, a subsidiary of Royal Insurance, and Smith New Court, part of the N M Rothschild group.

It is understood that these groups, together with other institutions, will put up about £5.5m to acquire stakes in the company.

The stockbrokers will transfer their businesses, collectively valued at £7m, in return for shareholdings and seats on the board. No individual shareholder will be able to hold more than 40 per cent, thus protecting the consortium from being taken over.

The brokers involved are Godfray Derby, Hanson and Co, Hillman Catford Board, Lyddon and Co, Margetts and Addenbrooke, Milton Mortimer, and Richardson, Chubb, Love, Rogers.

Earlier this year James Capel, the London stockbroker, and the PosTel pension fund set up a similar network of five stockbroking companies into a holding company called Allied Provincial Securities.

These moves to form larger organisations reflect the general nervousness about the abolition of minimum commissions when the Big Bang City reform takes place in October.

The founding stockbroking companies in the National Investment Group will continue to trade under their own names but will be able to draw on the parent group for research and personal financial services, such as insurance, pensions and tax advice.

Mr Robin Woodhead, chief executive of the group, who promoted its formation with Mr Somerset Gibbs, chairman, said the independent financial backing would enable the group to buy the best research and expand services in a way that would normally be available to individual regional stockbrokers.

Beecham pays £407,000 to Halstead

By Tony Jackson

SIR RONALD HALSTEAD, sacked in November as chairman of Beecham Group, the drugs and consumer products concern, has received a golden handshake of more than £400,000.

Sir Ronald, 59, now deputy chairman of British Steel, is also being paid early retirement benefits of more than £90,000 a year.

Sir Ronald's £407,386 handshake is described by Beecham in its annual report published today as being "by way of damages for the premature termination of his contract of employment."

The report also says that he has been allowed to exercise options on 90,000 Beecham shares, half at a price of 307p and half at 379p. At yesterday's closing price of 421p this would have produced a profit of more than £70,000.

Sir Ronald was dismissed at the instigation of Lord Keith, then a non-executive director, who took over as chairman.

In his chairman's statement, Lord Keith, 69, reiterates his intention to hire a replacement chairman from outside the group. "We are searching diligently for an experienced and highly skilled industrial manager to join the board as executive chairman, and I would hope that an announcement of this appointment could be made in the reasonably near future," he says.

Sir Ronald was ousted because Beecham's financial performance was seen as inadequate. Pre-tax profits in the year to March were a record £303.8m, but were only 1 per cent up on the previous year's £299.8m, a performance described by Lord Keith as "unsatisfactory by most standards."

Continued from Page 1

Pretoria

needed, in particular a ban on new investments, the import of coal, iron, steel and gold coins from South Africa."

The Dutch suggested including a ban on imports of wine, fruit and vegetables, which was supported by France, Italy and Belgium, among others, but this proposal was dropped after strong opposition from Portugal and the UK.

The final compromise was put forward by Mr Felipe Gonzalez, the Spanish Prime Minister — but the key to its agreement was on the degree to which delayed sanctions might automatically come into effect.

All agreed, none the less, that the aim of the whole exercise was to get a genuine dialogue going in South Africa.

Mrs Thatcher said: "The objective is to get negotiations going. Dialogue cannot take place as long as recognised leaders of the black community are in detention."

Mrs Thatcher played down any suggestion of a rift between her and Sir Geoffrey, repeatedly stressing his ideal qualities for the mission—and then inviting him to speak on the subject.

Sir Geoffrey said it was too early to spell out a timetable for his mission—although it would take place next month.

In London, Commonwealth officials felt that the decision to send Sir Geoffrey for yet another fact-finding mission was tantamount to a total devaluation of the recent report published by the Commonwealth Eminent Persons' Group.

They said the three-month delay meant that any decision by the EEC on additional economic measures against South Africa would be taken much later than the mini-Commonwealth summit fixed for the beginning of August.

The Commonwealth meeting would therefore take place in an atmosphere of tension.

The risk of a damaging Commonwealth rift has thus become much greater.

Peter Riddell, Political Editor, writes: The Hague agreement seems certain to provoke a row when Mrs Thatcher makes a statement to the Commons on Tuesday.

However, while there may be pressure for a general debate on South Africa again, the absence of specific measures avoids the necessity for legislation which could divide the Conservative Party.

Mr Neil Kinnock, the Labour leader, said last night the measures were "very, very weak" and claimed that the only people likely to be pleased would be "P. W. Botha (the South African State President) and the regime he heads."

The Labour leader argued that the agreement had given Mr Botha a breathing space that "everyone knows he will regard as a further lifeline for apartheid."

Dr David Owen, the Social Democrat leader, said Mrs Thatcher bore "a heavy responsibility for the failure to agree in the Hague. The Commonwealth meeting in August will now be very much more fraught and Britain may well face retaliatory action. African countries may well refuse overflying rights for European airlines."

THE LEX COLUMN

Standard at half-mast

Were it not for the South African dimension, a united board of Standard Chartered directors would probably have broken out their best champagne yesterday morning, in response to an increased offer from Lloyds that was by no means a clean ace. But the Cape is a heavy weight to bear, and Lloyds' offer was underpinned by such an excellent set of half-year figures—post-tax profits up 51 per cent to £213m — as to look a near certainty by the end of the day.

So strong was Lloyds performance that it not only put 25p on Lloyds' own share price, to 392p, but carried the other London clearers along with it. The alternative offer, which includes more Lloyds shares and less cash, started the day at 822p; it finished closer to 856p. Standard's shares, which gained 5p to close at 794p, seemed quite unable to resist.

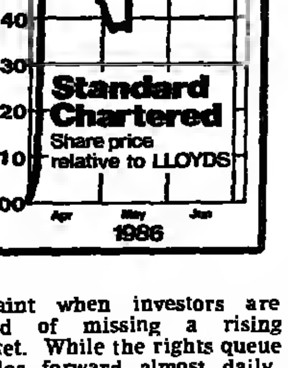
Lloyds has not, in all conscience, tried very hard to convince the City that the acquisition of Standard is one of irresistible logic. The commercial advantages consist of the chance to improve the enlarged group's tax position, eliminate a lot of overseas costs, and channel more international trade business through the Lloyds' network. At the price of having to write off something like £150m on Standard's South African assets, Lloyds might be enabled to improve the joint profits by £100m, two years out.

That may not be the deal of the decade, but the calculation may well be persuasive enough to dislodge the average UK institution. The wilder cards in the share register, Standard's friends in the Far East and any arbitrage operators, may have a tough time driving the shares high enough to throw doubt on the desirability of Lloyds' offer. Allowing for a large time discount—settlement would not occur until the end of August—the shares will always trade well below the offer. To make a serious stand against Lloyds, upwards of 825p, it looks as if somebody would have to buy an awful lot of shares.

Markets

It is hard to over-estimate the stock market's ability to ignore something that only days before seemed its most important influence. The fear that rights and new issues would swamp what cash the institutions held appears to have disappeared. Again a lack of liquidity has proved to be no restraint when investors are afraid of missing a rising market. While the rights queue shuffles forward almost daily, raising such small amounts as to be a nuisance rather than a burden, the new issue market has been booming with both the Thames TV and Morgan Grenfell issues whipping up enthusiasm.

Index rose 1.3 to 1354.4



While Morgan's tender offer appealed mainly to institutions, the Thames issue, after much self-advertisement, was another success for the wider share ownership lobby. There is an idea in the City that private investors' cash could make up for an institutional shortfall and an expectation that these new buyers are now willing to look beyond government offerings.

Meanwhile the pundits are happily marshalling fundamentals to back up purchases. Instead of taking news of low economic growth as bearish, they argue that such statistics will mean more interest rate cuts and reflationary boosts. Bank of England arguments about the liquidity glacier and high wage settlements pass over their heads, though yesterday's £450m worth of taplets checked the gilt-edged market. Equities may yet have another run, if Wimbledon, Henley and the heatwave do not distract.

Dixons/Woolworth

The fate of Woolworth Holdings will not be decided in the market. A handful of institutions hold enough shares to swing the issue one way or the other and their preferences are largely determined by other matters than the latest price on the Stock Exchange floor: Robert Fleming, one of the largest, has already announced its intention to decline the Dixons offer. For smaller holders, however, the reverse is true: they have exceptionally little influence on the outcome and every interest in the market price. That was 920p at the height of bid optimism; at 730p yesterday, down 33p on the day, it reflects an increasing suspicion that the offer—worth 800p in its less attractive form—may fail.

In that case, the market is saying, Woolworth shares would fall still further. On the assumption that the odds are about even, which Dixons' 15 per cent of early acceptances makes plausible, next Thursday's price in the market might not be much over 650p: a classic opportunity to sell and buy back. Moreover, this week's introduction of traded options over Dixons' shares makes it possible to take a cash profit in Woolworth and still gain some exposure to the chances of a Dixons' win.

Burnett

It is hard to know whether the bank shareholders in Burnett and Hallamshire thought they would still get their money back from Burnett's management and could ignore Anglo United's shilling; or whether Anglo itself was scared into withdrawing its offer yesterday by another set of alarming figures from Burnett. The market took the gloomier view. Burnett's share price closed 5p down at 13p, or roughly half the price at which the banks subscribed new equity at the start of the year.

The figures are frightening enough. Shareholders' funds have shrunk a further £20m since the banks injected £63m in equity and the interest cover even on those regarded as continuing businesses is only 50 per cent. Burnett's management faces an almost impossible task. It must earn enough from profitable assets to restore interest cover this year and still find something saleable to meet repayments on a short-term loan of £20m by the spring of 1988. It scarcely helps that the equity interest in Rand London, taken through the financial rand, has halved in book value or that a bulg carrier is running on bulk equity.

The only glimmer is that the management is beginning to shovel out Burnett's Californian debt and should meet its first repayment to the banks next spring.

WEEKEND FT

Saturday June 28 1986

★ ★ ★ TRANSATLANTIC SPECIAL ★ ★ ★

THE COCKY, provocative, endlessly ebullient Mayor of New York, Ed Koch, knows how to promote a big event. "When the best city in the world throws the biggest ty in the world," he says, "the whole ·ld is invited." For once, in the July 4 tenary celebrations for the Statue of erty, he has probably landed a spec- ular large enough to match his inimi- le verbal extravagance.

'or two whole days, the southern tip Manhattan, home to the first Dutch onists and now the powerhouse of world's financial markets, will be en over to a giant $6m carnival. Up to i people are expected to flood into the a, drawn by a huge flotilla of ships, evenings of hi-tech firework dis- ys, and the pomp and circumstance of residential visit. It will be an occasion the grand scale, a mixture of eantry and uninhibited fun that will h away the ambiguities of New York lo a wave of sentiment and patriotic yhoo.

'he show will also give Mayor Koch chance to display the triumphant re- ery of New York under his steward-) over the last nine years. On the e of it, the Mayor has plenty to boast ut. Visitors will find a city that is i suffering visibly from its brush with kruptcy in 1975, the roads riddled i potholes, and its antediluvian sub- cars virtually falling apart. But they also discover a populace bursting i health and prosperity, as brashly mistic and as full of hucksterish rm as it ever was.

his vitality flows from a local nomy which is now one of the lthiest in America. New York's get is back in surplus, and has been five years. It has re-established its libility as a first-class borrower, and launched a 10-year $40bn capital gramme without sending bond ers scurrying for the exits. It is ating private sector jobs at a rate :h easily exceeds the national rage.

he evidence of the city's extra- nary revival is sprinkled virtually ywhere across the Manhattan land- e. The money that has poured into booming capital markets of the last years has flowed out again into an avaganza of new buildings and re- ishment — the glittering con- lnium tower blocks where bedroom apartments easily fetch ,000, and the "gentrified" neigh- rhoods, transformed from down-at- ghettos into chic middle-class living ters.

has created jammed streets full of ish shops, and expensive restaurants. as produced the "high net worth" stment bankers who own million- ir apartments on Park Avenue and helicopters every weekend out to : equally pricey country pads in the ionable Hamptons on Long Island. It itains the biggest and most varied industry in the world. It has thrown young property developer, Donald mp, whose ego and eye for the showy ire has transformed midtown Fifth iue with the shimmering, glass- d Trump Tower, home today to the exclusive shops and apartments in entire city.

ily ten years ago, things looked very rent. At that time, with the city ng towards insolvency, the con- ional wisdom held that the main for the administration was to manage city towards the softest landing pos- io what had become an irreversible ne.

is was the period when tha South x burned its way into tha public ination in a series of fires that left entire neighbourhoods looking like wastelands. The insurance industry discovered "landlord arson," the prac- tice of burning down buildings deliber- ately when the insurance value had come to exceed potential rental incomes. Drugs became an epidemic. "The South Bronx was a centre for high quality heroin," says Alfred Elwick, a police officer then stationed at the infamous Precinct 41 — the police station that became known as Fort Apache. "The quality was so good that addicts from as far away as Florida came to get it." With the drugs came increasing crime, so had that for a time even Central Park, in the middle of Manhattan, was virtually off limits. The middle class began to desert the city for the suburbs, precipitating a net migration that saw New York lose almost a million people in the 1970s.

Underlying the sinister growth of the more and more deeply entrenched ghettos was an economic crisis that had its roots in the decline in manufacturing industry. New York, with its unionised workforce and high wage rates, suffered earlier than many other parts of the north east of the US from the shift of manufacturing to the South. From 1969 to 1977 it lost almost 300,000 factory jobs —typically the sort of employment which had been taken by minority groups. The city was left with the problem of trying to deal with increasing unemployment at a time when its tax base was shrinking. "In the early 1970s we were faced with the recession caused by oil prices, the collapse in manufacturing and huge amounts of public spending to support people on welfare," says Felix Rohatyn, the Wall Street investment banker from Lazard Freres who became chairman of the Municipal Assistance Corporation. "The money just ran out."

Mayor Koch came in as a reformist politician pledged to fight the political machines that had plunged the city into disarray. He took on the unions, and proceeded to wield the axe over the municipal budget, pushing through draconian cuts in everything from the public transport system to road mainten- aoce, the social services and education. A quarter of New York's pre-crisis work- force was made redundant. "The mayor was a giant of a man," says one of his associates from that period. "He seemed to tower over everyone, saying no."

The strategy was to restore confidence in the city so that capital would flow back into it—and it worked. "When people concluded that we were not going to go bankrupt, they started building again," says Mr Rohatyn. But the mayor was also lucky. Just at the time that the city's budget was coming right, its economy was making a crucial shift to- wards a structure of high-margin service- based industries. Around 1980, finance and business services became more important employers than manufacturing.

Two crucial developments lay behind the expansion in the financial sector. First, towards the end of the 1980s, the international banks began to see New York as an important intermediate stage between London and Tokyo, and a signi- ficant market place in the recycling of petro-dollars. In 1975, there were only around 30 foreign banks in the city. Today, there are almost 300.

Second, Wall Street went through a revolution in the mid 1970s with the abolition of fixed commissions—a similar reform to the one that the City of London is now planning. The reform propelled the stockbroking and investment banking community into a period of hectic con- solidation followed by breakneck growth. In the early 1970s, Wall Street had lost jobs, but over the past eight years it has added 50,000, while the banks have produced another 35,000, and services overall a total of around 300,000.

Samuel Ehrenhalt, Regional Commis- sioner for the Federal Bureau of Labour Statistics, contends that the transforma- tion in the city's fortunes came largely from playing to its traditional strengths in creative, export-oriented service busi- nesses—finance, advertising and the world of culture and the media. New York, he says, is the only truly interna- tional city in the US, with an irrepres- sible inventiveness derived from its varied ethnic cultures. "The common theme in the expansion is that New York's real business is as a world city," he says. "It is a great creative centre, whether you are talking about what to read, what to think, what to wear, or about the development of a new financial product."

The creativity is clearly demonstrated by the change in the capital markets, where the pell mell growth in trading began to push volume on the New York Stock Exchange towards 100m deals a day in the late 1970s. At the same time, the investment banking houses started to pour out the bewildering array of new products—the swops and the zeros, the mortgage-backed securities and the junk bonds—which have made Wall Street the most financially rewarding place to work in America. "In the 1950s," says one experienced Wall Streeter, "you could not do any better financially on average by choosing a career on Wall Street rather than in industry. Today, there is no comparison." Some promising busi- ness school graduates pull in salaries of around $50,000 as new recruits in the New York investment banks or corporate law firms. By the time they are 30 they can be earning $100,000, while the execu- tives who run the banks frequently have seven figure salaries, to say nothing of their equity in the businesses. When Morgan Stanley went public recently, its four top partners all had shares valued at over $30m.

The explosion of activity in the capital markets has had the dual effect of re- inforcing New York's position as the premier financial centre in the world, while helping drag the city back onto a sound economic base. Since 1981, the municipality's budgetary surplus has allowed it to begin the process of recon- struction that is showing some glimmer- ings of success. There are now fewer, perhaps, of the enormous potholes which make driving in New York such a hazard, while the subway has at last acquired a number of new cars that are being effectively shielded from the graffiti artists. The city centre is also probably safer because of stronger policing.

Yet it is impossible to live and work in the city without being aware that the problems that emerged in the mid 1970s still lie just below the surface. Balancing the budget and increasing employment have not abolished poverty. In pockets throughout New York, vast wealth jostles alongside abject deprivation. Homeless beggars trawl shopping streets dripping with expensive products. Crime is a way of life, recorded blandly in routine media announcements of mayhem and murders —around 1,500 every year. Commuters struggle to work in a subway system where fires are routine, and where violence lurks in every dark corner.

These problems partly derive from the city's position as an immigrant city. The world's deprived still flood into New York, chasing the American dream of success. In the 1950s it was blacks from the South and hispanics from Central America. Today it is East Asians. Some of them make it and some of them don't.

The disparities also emerge from the American system of rewards and penal- ties, a process which lavishes money on the successful, but finds it hard to redis- tribute income to the poor. Indeed the extraordinary financial rewards which have recently begun to flow to executives in the financial system have accentuated the contrasts in a fiercely competitive society where winners win big and losers very clearly lose.

"I think we have gone way overboard in our frantic accumulation of wealth," says Mr Rohatyn. "Those people who

Continued on Page III

The Long View

Why Europe can envy US tax reform

The thought of trying to achieve something similar in 12 countries with different languages and legal systems, and whole parliaments for lobbies, makes the mind boggle, says Anthony Harris

RE IS a durable story t the politics of envy in in, which goes like this. appeoed after an early et from Denis Healey, ering oo his campaign ise to "squeeze tha rich the pips squeak." Ooe of duly squeaked, on the hone, to Lord Lever, the ur Party's showpiece mil- ire. "My dear hoy," Lever ed, "you must be slipping. y you have noticed the iole we so carefully pro- l?"

hile tax impositions and ioles are not always de- ed in the same package, tax structures in the l work as if devised by a ey-Lever coalition. Pro- ive tax rates are imposed oliticians who know that oor outvote the rich, and oles are then provided quietly by the same cians who know that a iy economy cannot do ut the rich. The system s more and more like the s definition of a net: a lot oles tied together with .

s kind of nonsense under- the market economy se, increasingly, tax incen- replace economic incen- when personal and ess decisions are made. It not destroy incentive, as igners like to claim, but torts it so badly that the ia almost the same. The system, where thriving s have produced a 2,000- tax code, is perhaps the example.

for long, though. The ix reform just eodorsed iverwhelmingly in the e has not yet claimed as attention on this side of tlantic as it deserves, but before long. It is likely ve a major international mic event, and a source uring envy in other ies. Only this week, the British Chancellor of the Exchequer made a ahort apeech about it which was fairly steeped in sour grapea.

What the Congress looks like doing, with almost total biparti- san support, goes a long way towards abolishing progressive taxatioo while ensuring that the much lower tax rates that result actually get paid. This is achieved in two ways: by abolishing most of the tax shelters used in the past by the rich; and by shifting the hurden of the tax on profits from the shereholder (who often sheltered his income, anyway) to the corporation.

The corporate tax regime will, in fact, be rather similar to the one introduced in Britain in 1984 (and by now fully in force, although the British changa is somewhat more radi- cal). It removes part, although not all, of the previous tax in- centive to substitute plant for lahour, which was introduced in the UK to foster productivity when Britaio had an era of lahour shortage, and in the US more patchily to meet lobby demands.

The trouble with this regime is that corporate tax coocessioos have to be paid for; as a result, personal taxes were higher and spending power lower. Reduc- ing speoding power is not a good way of encouraging econ- omic growth, as British experi- ence shows. Britain under- performed world growth worse under the investment-incentive regime that it has under income tax cuts, financed first from the North Sea but now partly, as in the US, from corporate tax.

If this were the whole story the British could simply con- gratulate the Americans oo catching up, hut it is not. The US reform has also imposed e sensible tax on capital gains, which are treated simply as income; and this might be one of the strongest reasons for the bipartisan support for the whole package, whicb is the most enviahle achievement of all. The British tax structure will no doubt be changed yet again if there is a change in political control; the American atructure looks stable.

Change does not bave to be for the worse, although it pro- hably will be. The Labour Party, along with its absurd rates of personal taxatioo, did introduce quite a sensible set of taxes on capital following the US philosophy of lower rates and fewer loopholes. However, this was intolerahle simply because income tax was so high, so it has been largely abolished, making it harder to cut income tax.

European politicians who might like to try to make the dramatic improvements that Congress is about to make do have one valid point to score: it is much easier to achieve ideal tax reforms if you choose to do nothing about a yawning fiscal deficit. This docs, though, beg the supply-side question. If the sharp cuts in marginal rates which the package offers stimu- late increased economic growth, as President Reagan believes, he could this time achieve the miracte that failed in 1981—a squeeze oo the deficit from real growth.

In one way, too, the deficit has helped: because every member of Congress was aware that total revenue must he protected, tha sectional lobbies had only very limited success. Politicians are corrupted most easily when they have gifts at their disposal. So, the new structure will he near enough to logical to ensure that if taxes do have to be raised after all, distortion will be minimised.

Why, then, cannot the Euro- peans simply follow the American example and go for a comprehensive tax reform? This is where sheer envy sets in; for the US is still, by world stand- ards, a relatively closed economy. Tax changes can have major ioternatiooal results—the US reform, for exemple, could ehoke off corporate credit demand, reducing relative interest rates and the dollar's exchange value. It might also caose some heavy investment to migrate to the more welcoming Canadian tax climate. The Americans can afford to take these results philosophically.

In Europe, though, we heve an increasingly integrated Con- tinental market in which no one country is hig enough to go it radically alone. America has two partica and two houses of Congress. The thought of trying to achieve something compatible in 12 countries, with different langueges and legal systems and whole parliaments for lobbies, makes the mind boggle.

★ ★ ★ NEW YORK SPECIAL ★ ★ ★

A terribly American bow to a green icon

Michael Thompson-Noel previews the orgy of commercialism and nationalist pride which will mark the centenary of the Statue of Liberty

THE TELEVISION pictures that will streak to the stars from New York next weekend will confirm what the galaxies must long have guessed — that life on earth has gone positively bonkers. As the commentators cast words like "liberty," "freedom," "refuge" and "mega-glitz" out into the blackness, the accompanying pictures will show millions of beings clustered on Manhattan, worshipping a green statue clutching a torch.

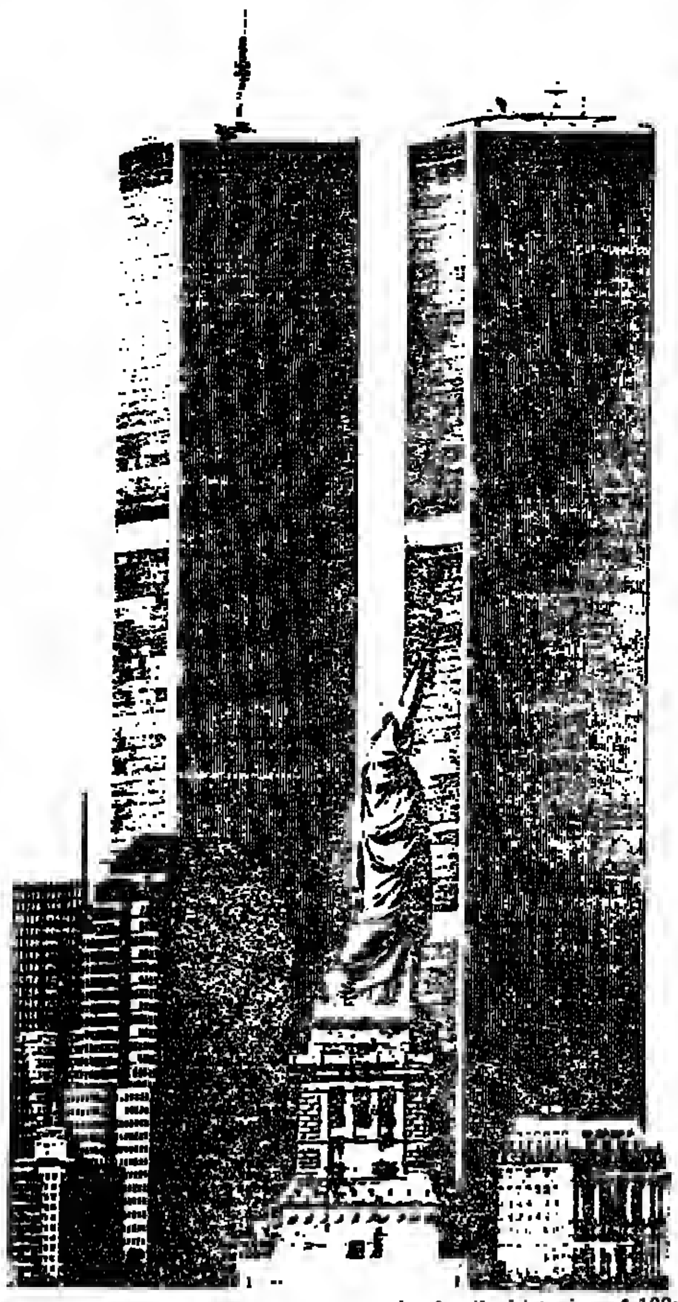
Around the statue, as she broods at the skyscrapers, will be scenes of extravagant celebration as Liberty Weekend, marking the 100th birthday of the Statue of Liberty, gets under way.

There will be fireworks, lasers, a fleet of up to 40,000 ships, speeches, tears, laughter, bands, rock, salsa, dancing, aerial salutes, gigantic water fountains, Barry Manilow, President Reagan, choirs, drill teams, Gene Kelly, Itzhak Perlman, hot dogs, 1,000 banjo players, tap dancers, rhinestones, Frank Sinatra, passion, pomp and a few quick muggings—all of it in ardous celebration of a coppery green icon mounted on a pedestal and holding a shiny new flame coated in gold leaf.

The orchestrator of Liberty Weekend is David Wolper, a Hollywood producer who does not miss a trick and whose titanic contributions to the history of glitz already include the opening and closing ceremonies of the Los Angeles Olympics.

To many Europeans, the LA Games—badly flawed by boycott — were hyped beyond endurance. Yet they were conducted without a hitch, turned in a profit, and triggered a massive resurgence of American pride.

If you thought the Olympics were shamelesly hyped, stand by for next weekend because Miss Liberty's 100th birthday promises to be an even bigger celebration.



As Newsweek has put it: "There is something terribly American in the outsize—some would say outlandish—spectacle Wolper is concocting. But the Statue of Liberty, like the nation she has come to represent, symbolises outsize dreams. ... All told (the statue), greeted some 16m immigrants during the 32 years that Ellis Island functioned as the nation's primary reception centre, and her image is inextricably linked to the family histories of 100m living Americans.

Not to be outdone, Time has spoken of the things worth celebrating: America's pluck and luck and inventiveness, the optimism and the dollars, while not forgetting that some things are not for celebrating: the ignorance and intolerance and televised superstition, or that the poor and desperate grow poorer and more desperate as the rich get richer.

The celebrations start next Thursday with ceremonies on Governor's Island when President Reagan, accompanied by President Mitterrand of France, "unveils" the newly-restored statue which will be illuminated by streams of laser light beaming across the water.

On Ellis Island, the Chief Justice of the US Supreme Court will administer the oath of citizenship to 300 immigrants while 15,000 others, linked by satellite to New York, will swear the oath in four other cities.

On July 4, aircraft carriers and other warships anchored along the Hudson river will fire 21-gun salutes as President Reagan passes in review aboard USS Iowa. There will be a parade of tall ships, other historic sailing vessels, an American music spectacular, a harbour festival of continuous entertainment and what is billed as the world's largest fireworks display, plus lasers and water fountains. The Coast Guard expects up to 40,000 sailing craft to jam the harbour.

Next Saturday, the Statue of Liberty is officially reopened following an early-morning ceremony, the harbour festival continues, the New York Philharmonic puts on an evening of classical music, and prominent people gather for a "two-day conference to examine the future role of liberty in an ever-changing world."

On Sunday, there is an international sports salute and an opulent closing ceremony at the Meadowlands sports complex.

For the benefit of the 5m to 6m visitors expected, lower Manhattan is being transformed into an instant theme park called Liberty Land—a 55-block area roped off for pedestrians in which the crowds will be entertained by 2,500 performers on special stages. Admission is free.

Many residents have already rented out rooms and vantage points to eager takers. The best locations, like the top of the World Trade Center, have been leased for corporate partying while Chrysler, doing things in style, has rented the QE2.

Wolper has said he can produce the entire spectacular for $30m, to be financed by TV rights ($10m from ABC-TV) and ticket sales which have picked up smartly of late. At the top of the market, a tax-deductible $5,000 gets you one seat on Governor's Island on July 3 and 4, plus a seat at the sports salute and closing ceremonies.

The restoration of Miss Liberty follows nearly two years of repairs masterminded by Chrysler chairman Lee Iacocca as head of the Statue of Liberty-Ellis Island Foundation. The operation was dogged by controversy. One magazine lamented "the corporate takeover of a national shrine," while historian Arthur Schlesinger Jr criticised the "shaming orgy of commercialism" surrounding the statue's centennial.

> ❛ If you thought the Olympics were shamefully hyped, stand by for next weekend ... Miss Liberty's birthday promises to be an even bigger celebration.❜

Iacocca's plan was to raise $265m—$69m to restore and renovate Miss Liberty and her island, $128m to rehabilitate Ellis Island a half-mile to her north, and the balance to cover fund-raising and administrative costs.

The plans for Ellis Island have been modified by the Interior Department but the fund-raising has already yielded $250m-plus including more than $65m from sponsors like American Airlines, Coca-Cola, Eastman Kodak and Kellogg. In turn, more than 90 companies have been licensed to produce a mountain of Liberty kitsch such as plastic tiaras and Liberty Cabbage Patch dolls. (It's not trivia, though: Cartier is selling a $10,000 Liberty watch while millions of special coins are being sold by the US mint or at banks and department stores including Sears, Bloomingdale's and K Mart. Prices of the gold Liberty coin are already showing a substantial premium on their $175 issue price of last year and early 1986.)

Apart from grumblings about commercialism, other controversies and concerns have raised their heads. For a start, some residents of lower Manhattan are preparing to flee what one says will resemble a "claustrophobic disaster area." Another claimed "that if he could see all the hoopla, George Washington would be completely grossed out." A third mused on the inadequacy of providing 270 portable toilets. "Figure it out. How many times will 270 go into 5m."

Earlier this month, there was much recrimination over Chile's intention to take part in the assembly of tall ships. Chile had agreed to send the naval sailing ship Esmeralda, described by Amnesty International as the vessel that served General Augusto Pinochet as a floating torture chamber soon after he seized power in 1970.

Despite such hitches, there are clear signs that Manhattan is doing what it can to make Liberty Weekend a success. To help remedy the shattering rudeness of the place, the State Department of Commerce has started a campaign to train hotel and travel staff to be polite.

Another faint sign of progress is cleaner subway stations and trains. Since a drive against graffiti began in 1984, the Transit Authority's 6,150-car fleet has gone from almost all dirty to 41 per cent clean. The target is 78 per cent clean by the end of 1987. The city may never cleanse Harlem,

> ❛ If George Washington could see all the hoopla, he would be completely grossed out.❜

though. I saw this simple message painted on a house: "Tom Sawyer lives here." It may not be art, but it's exceedingly witty.

One way or another, Liberty Weekend will provide a major boost to New York's already-buoyant visitor industry. Last month Preston Robert Tisch, chairman of the New York Convention and Visitors Bureau, said the city's tourism had continued to show "strength and vitality" last year even though a 27-day hotel strike in June affected the numbers. There was a small fall in the number of visitors, from 17.24m to 17.1m, and a fall in hotel occupancy rate from 75 per cent to 72. But spending by visitors and convention-goers rose marginally, to $2.4bn. Bright spots included a rise in foreign visitors, from 2.33m to 2.4m, and better convention business: 4.38m delegates attending 953 conventions, against 4.36m at 946 conventions in 1984.

Since 1980, almost 10,000 new hotel rooms—including 1,876 in the new Marriott Marquis Hotel in Times Square—have come on to the market, swelling the total in all five boroughs to 100,000. As for the sparkling new Jacob K. Javits Convention Center, bureau president Charles Gillett calls it "one of the superlatives that make up the Big Apple."

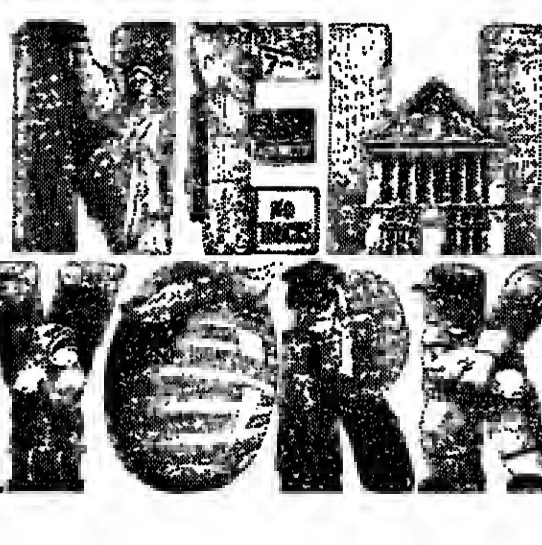
The first wave of recent New York hotel building, in 1980-81, added 6,428 rooms in seven hotels — Grand Hyatt, Harley Helmsley Palace, LaGuardia Marriott, Milford Plaza, Parker Meridien and Vista International. Since 1982, the Marriott Marquis has joined the Novotel (470 rooms), Plaza Athenee (160), Golden Tulip Barbizon (360), River Hotel (60) and Ritz Carlton (260) to add another 3,186 rooms.

Although Miss Liberty has been exploited and vulgarised with endearing crassness for the whole of her first century, she remains one of the great symbols of refuge and optimism — something that the galaxies will immediately deduce when the TV pictures arrive. Next weekend's festivals will be part-carnival, part-blockbuster and part-celebration. If you're there — "Enjoy!"

● For inquiries about the harbour festival, ring (212) 302-2727. Information on hotel rooms can be gleaned from the NY Visitors Bureau on (212) 397-8222. As times and details of weekend events may change up to the last minute, call (212) 972-3434 for updates.

Markets reports are on Pages XXII and XXIII

Continued from Page I



had assets 10 years ago have prospered mightily over the last decade, and seem to be accumulating wealth at an accelerating rate. But the poor have not kept pace." Senator Daniel Patrick Moynihan, the local Democratic politician, says that New York has created two cities that sharply divide the rich from the poor. These discrepancies between the haves and the have-nots are seen at their most acute in the housing market, where wealthy executives from the expanding service industries are driving up prices at an alarming rate. Little by little lower income groups are being forced out of Manhattan in particular as the process of gentrification spreads its tentacles into run-down areas further and further afield from the middle-class enclaves of yesteryear.

For the winners, the people with assets who have been able to buy property, yields in the last 10 years have been spectacular. Back in the mid 1970s, when the middle class was fleeing from the crime on Manhattan streets, it was relatively easy to pick up cheap property near the centre of the city. The swing of the pendulum has brought demand soaring back, driven by the so-called yuppies—the Young Urban Professionals of the new service businesses. "In 1976, you could have bought a property in Soho for $50,000 that might be worth $5m today," says Mr Mildé.

For the losers, of course, every move in this game of speculation leaves them further adrift. Gentrification has spread up and down Manhattan on both the East and West Side, conquering in particular what New York Magazine called the "Yuppier West Side"— the traditional downmarket area across Central Park from the chic East Side residential avenues, Fifth and Park. It is now beginning to gnaw away at the fringes of Harlem, the black ghetto to the north of Central Park which is almost as devasted as the South Bronx, and where white people normally never go on foot.

These changes in the housing market would not be causing the anxieties they

The ethnic zones which are second nature to New Yorkers — the Italian neighbourhoods of the Bronx, the Jewish areas in Queens, Chinatown and Little Italy in Manhattan—have changed naturally over time. The Jewish Lower East Side, for example, the long-established first base for generations of Eastern European immigrants, the initial US home of, among others, Irving Berlin, is now steadily disintegrating.

Moreover, the expansion of the gentrified territories has undoubtedly brought some benefit to the city. Yuppies have given more stability to the areas where they live. Their passion for jogging has turned Central Park into a safe area once again, relatively free in daylight from the muggings that made it into a danger zone in the mid 1970s. Their chosen neighbourhoods are safer than they used to be.

The difficulty with today's property changes is that they are taking away and not replacing the cheap housing which has always allowed lower income groups to survive in the city. Although New York has lots of subsidised property built over the years with a combination of City and Federal aid, this is not enough, and the cuts in Washington have reduced external funds for the programme virtually to zero. "We have 180,000 housing units, and a waiting list of about the same length," *says the* Housing Department.

At its worst, the crisis in housing can be seen on the streets of the city, in the "bag ladies" and the "street people" who sleep wherever they can find a warm hole for the night. Marginally better — but only marginally — is the shelter system run by the city. Since the Koch administration came into office it has had to expand the number of shelters for homeless men and women from 3 to 21. Including families, the city now provides housing for 24,000 people *every night*, and the budget has risen from $14 million a year in 1978 to $200 million this year. Some older men have been in the shelters for so long that officials see little hope that they will ever leave. All they have is a bed and a locker.

Education is emerging as a similarly intractable problem caused by the widening gap between rich and poor. About 70 per cent of the children in the New York public school system today are black or hispanic, even though cent of the population. Middle class whites are increasingly sending their children to private schools—institutions which did not have to suffer from the heavy cuts levied on the public system during the financial crisis.

Efforts are now being made to upgrade the public schools, partly by increasing starting salaries from the present, woefully inadequate $14,000 a year to *$20,000. But for the time being* the system contributes to the cycle of deprivation of many underprivileged children. Almost 40 per cent of them drop out without finishing high school, have few skills that are in any way matched to the needs of the service sectors, and are faced with a declining number of manual jobs in industry.

A few politicians, notably Senator Moynihan, are arguing that the city must move far more purposefully towards addressing the deprivation issue, or, as he puts it, "New York City will stand not just as an affront to the ideals of the American Republic but as a refutation of their promise."

But in these times of the Reaganite backlash against the social policies of the Great Society this is not a popular theme. When the crowds assemble for all the hoopla of the Fourth of July celebrations next week, they will hear a very different message. The emphasis will be on the upside of the American dream — the opportunities the country provided for the countless immigrants who sailed into the New World under the golden torch of Lady Liberty—"the huddled masses yearning to breathe free," in the words of the commemorative verse carved into the pedestal.

This is the American way. Problems are conquered by moving on, finding a new frontier. It is also very much a part of the psychology of New York City itself, derived from four centuries of absorbing successive waves of immigrants from every region of the globe. "I am the mayor," says Ed Koch, "of a city with more Jews than live in Jerusalem, more Italians than live in Rome, more Irish than live in Dublin, more Blacks than live in Nairobi, and more Puerto Ricans than live in San Juan." It is an explosive mix, but it remains one of the most creatives forces in the US today.

Terry Dodsworth

TRANSATLANTIC TRAVEL

A taste of history and bouillon, too

Lucia van der Post finds that a sea voyage is the only way to go

IF YOU believe, and many do, that sailing into New York is the only real way to arrive, that first early morning glimpse of distant Manhattan, and that slow ride up the Hudson has a romance that no airport can match, then you need lose no time. The Queen Elizabeth 2, the last of that great breed of ships that stretches back into history, ploughs the North Atlantic 22 times a year, crossing what has been called the most dangerous ocean in the world, all alight, more monstrous still than one of Kipling's "monstrous nine-decked cities."

You have to wait for the romantic hit, though. it seemed thin on the ground that dingy Sunday afternoon when our little band of Weekend FT journalists arrived at what looked like a Southampton warehouse, to be herded into pens, scrupulously divided according to price and station, while we awaited the call to board.

Where, I wondered, remembering childhood crossings from Cape Town to Southampton, were the sounds of "Abide With Me" from the band (outlawed it seems, by the Musicians' Union): where was the first thrilling glimpse of hull and white-topped waves (screened off for security reasons), where were the streamers, the sodden handkerchiefs, the bon voyage baskets of fruit and flowers, the farewell cards lined up in the cabin? Gone, gone, all of them gone.

But then the siren sounds to send the last of the visitors ashore, the passengers move up to deck to see the gangways removed, the tug-boats manoeuvre into position and the sailing hour is at hand.

When I go below to my beautifully planned two-bedded cabin and a smiling Mary Gilpin tells me she is my stewardess and will look after all my needs, it seems I am really at sea. At night the creaking woodwork reassures me and the next day the familiar totems of seaboard life emerge . . . the clack of deck quoits, the muffled figures laid out in deck chairs, the mid-morning bouillon, the slap of the swimming pool water against the sides all mingling with newer sounds of the jogger and fitness fans.

There are serious problems to be resolved. There's Stretch and Tone at 9 am, followed by Beginner's Aerobics (I'm determined to lose some weight) but this clashes with the Computer Seminar at 10.45 (I think it's time I moved into the 20th century and learned to use a word processor) which in turn clashes with "Financial Planning: the Equity Market" (a little financial nous won't come amiss back at the ranch). There are films to see, books to read, work to be done. There's the sea to gaze at. I must look in on Leonard & Bertha Arts & Crafts class, though I think my fridge will get by all right without home-made magnetic butterflies (ditto my luggage without pom pom identifiers).

Stretch and Tone turns out to be a regular fixture in my day. Polly, she of the Golden Door Spa, of the supple figure and skin the colour of apricots, is patient with our creaking joints, our ill-expanded lungs, our maladroit limbs. Old and not quite so old, male and female, we stretch and strain, hoping in just four days to gain a little grace and a slight easing of the waistbands.

The computer seminar turns out to be one of the wows of the voyage. It soon becomes clear that unless you've bagged a seat in front of your very own IBM machine at least half an hour before Raymond di Paola ("Your Computer Lecturer") arrives, you have no hope of any "hands on" experience. One day I get lucky. I arrive two minutes before my Computer Lecturer composes himself to start yet another infinitely patient session for the computer-illiterate, only to be offered a place by an elderly buff ready to move on to sterner stuff. Three-quarters of an hour "hands-on" convinces me that if this is where the future lies, I'd really like to put it off.

Leonard and Bertha Berman are making beaded bracelets, so I've decided to take in "Motivational Colour and your Rainbow Wardrobe," an informal talk by K. C. Morrison, Fashion and Colour expert. K. C. Morrison is most curiously attired in a plain black dress that is shorter in the front than at the back and it has been "enlivened" with jolly bits of colour.

Colour, she tells us, is much more important than we know. More girls receive marriage proposals wearing blue than any other colour. She knows a lady who has only to wear a blue blouse and she gets anything she wants, from a job to her turn to choose the movie.

Grey and tan are *totally* out for men *and* women, she tells us in an Olympian tone and Mary-Beth is asked why she's wearing green and yellow. "I just sort of like it," says Mary-Beth but K. C. Morrison thinks it's much, much deeper than that. I can't wait to find out how deep. I want to call in on the Grandparents Get-Together ("Don't forget to bring along your photos"). This is clearly a winner, with gentle grey-haired couples busy poring over each other's photographs ("If you'll admire mine, then I'll do my best to take an interest in yours").

Then it's time for Bottomline. I had to miss Absolutely Abdominals the day before (Laura, my friend from Stretch 'n Tone, says she's sure it enabled her to have an extra helping of Black Forest Gateau that night) but feel that Bottomline is just what a regime of two four-course meals a day calls for.

Bottomline is "especially designed to trim and tone legs and derrières" and the delicious Polly, who has enviable little to trim and tone, takes us through some curiously embarrassing procedures. Strange what people will do just to be able to eat a little more.

When I get back to my cabin the phone rings and the great excitement of the day is conveyed to me — a baby has been born aboard, the first in 17 years. Lauren Elyse Holtvoigt, whose parents hail from Dayton, Ohio, arrived three weeks early and certainly gave the medical staff a lift ("such a nice change from all those deaths").

Notebook in hand, I hurry to interview the new parents. The mother is naturally somewhat groggy but father is beside himself with happiness. "How is it," I try to ask tactfully, "that you were travelling so close to the date your baby was due?"

He won a competition set by his local newspaper that's why. By sending this little rhyme:

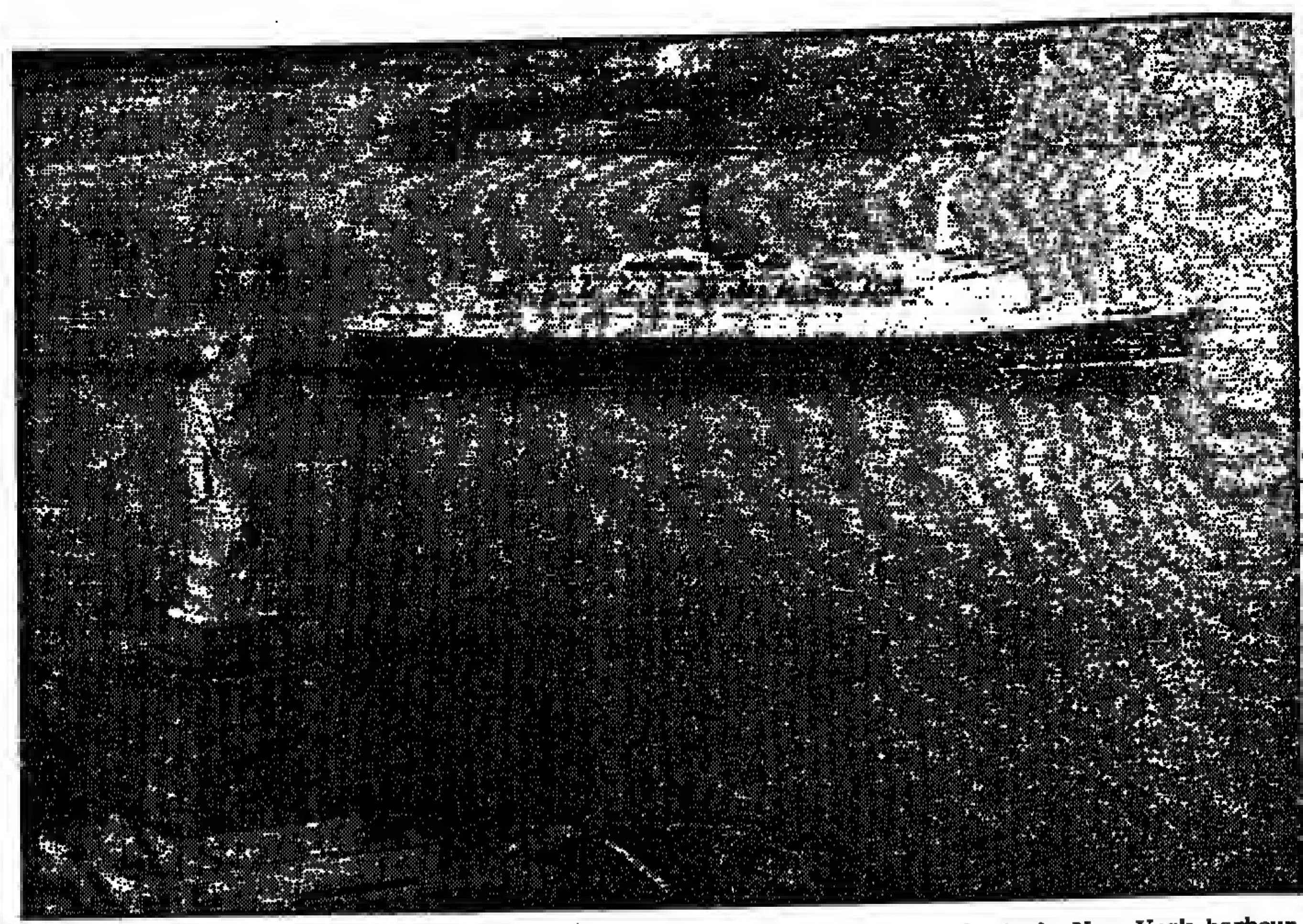
"The black of the print
The white of the page
Mix well to develop grey matter"

He won a trip to London on Concorde, four days in London and a voyage back by QE2. Remind me to order the Dayton, Ohio daily newspaper.

Now it's party-time. The hair driers are going, the glad rags are pressed and in the corridors Guerlain's Shalimar is fighting a losing battle with Estee's Youth Dew. What with all the people we met at the Captain's cocktail party, the officers' party, and our friends from Stretch 'n Tone, the casino, the bridge table et al, it's all go. There is some consternation at our table (well, I suppose one woman dining constantly with five men was asking for trouble) for one of our party has been invited (by anonymous note under his door) to stateroom 3077 where Jonathan and Cary are celebrating their fifth anniversary. All lesbian and gay passengers are cordially invited to their shindig.

The last night is here—like every last night, in ships, in schools, on holiday—it's the night everybody finally gets to talk to everyone else. It's the night the dancing begins, the addresses are exchanged, the promises to meet and keep in touch are made.

Friday morning and looming-up in the mist we see Manhattan—and yes, it is the only real way to arrive.



One lady greets another . . . the QE2 sails majestically past the Statue of Liberty in New York harbour

Calorie counts

Peter Fort reports that gluttony is not compulsory aboard the QE2—but admits to gaining seven pounds

THERE ARE plenty of legends about the food on the QE2 and they are all true. You do put on about half a stone during the voyage (well, I did). The ship is the biggest customer for caviar in the world. You can have anything you want (you give the waiter a meals notice if its not on the enormous Carte). For the price of the ticket, you can eat as much as you fancy.

The menu is, of course, enormous and printed freshly every day. It is at first disconcerting to see such a large and wide-ranging offer without any prices appearing anywhere and to realise that a lobster costs no more than a grapefruit. And eight courses cost no more than three. There is a recommended menu of five or so courses but there is nothing to stop you having it and stitching in a couple of extra favourites as you go along. That's how the half-stone goes on.

The passengers are predominantly American, the chef and staff are British, so perhaps predictably roast beef is the most popular dish. It's not on every day and it's not a mingy little joint like yours and mine: first of all a wagon rolls up and the top swings open to reveal an immense charred rib-cage rearing up.

No fiddly carvery takes place: a rib is sliced off an inch and a half thick, bone and all like a giant's lamb chop. There is hardly room on the plate for the riot of accompanying vegetables, including the asparagus which comes up on the ship as part of your daily greens, as if it were cabbage. It is a schoolboy's dream of luxury, the feast where Lord Snooty and His Pals sit down with Desperate Dan.

And because it is all British, however many courses you order, someone somewhere along the line will identify one of them as your main course and bingo! up will come the broccoli and potatoes (not to mention the asparagus) with it.

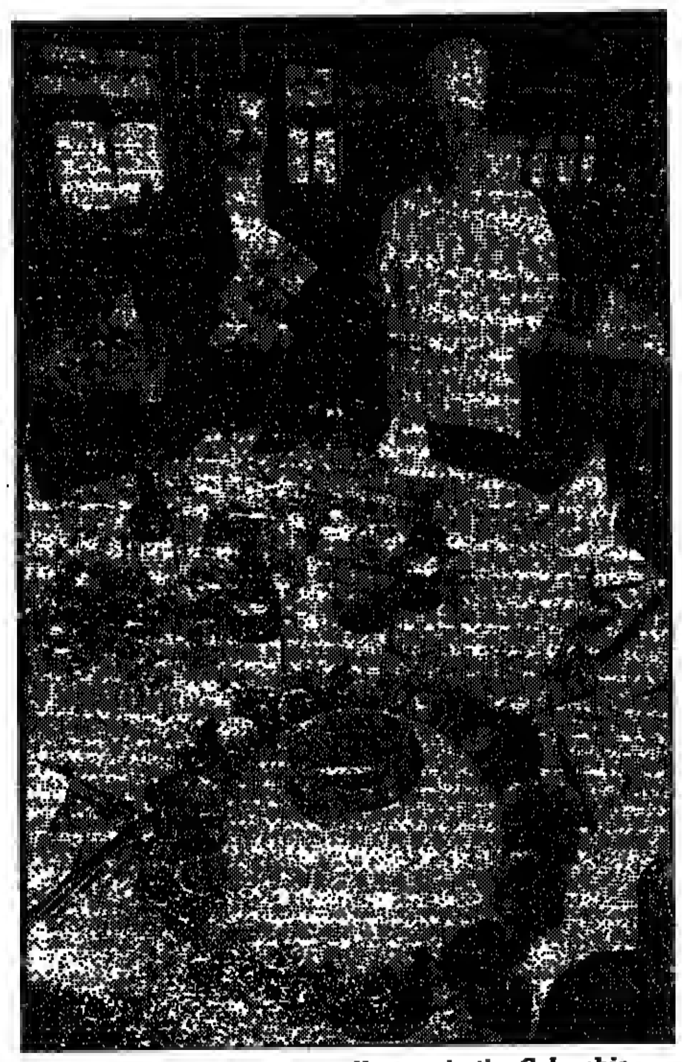
A polite note in your cabin tells you which of the many restaurants you are to eat in and at what table. The restaurant you are allocated depends on what you paid: Queen's Grill and the Princess Room for the high rollers, Tables of the World for the *hoi polloi*, and the Columbia for the in-betweens.

The raw materials come on board at both ends; beef may be from Scotland or Kansas. Some ingredients take even more elaborate journeys: lobsters from Maine are flown to Heathrow and rushed down to Southampton for the outward journey.

Even this is nothing to the carryings-on when the ship is cruising: a team of, say, Japanese cooks with all their own ingredients will come on board at one port and cook furiously for three days before being taken off at the next stop and flown home again.

The chef is, as you always supposed, a big, nice jolly man, but he spends most of the voyage working out what he wants for the next trip rather than hovering over the stove. Americans, he informed me, like their vegetables much less well done than the English. He should know and well they might.

Sophisticates will find it unsophisticated. People who do not want to eat too much will find it too much to eat. But of course gluttony is not compulsory. There is a tiny, calorie-controlled menu if you really want it: as I said you can have anything you want.



Chef Bill Soutter and colleague in the Columbia restaurant of the QE2.

Shipping out

Michael Thompson-Noel sifts some QE2 fare options for holiday and business travel

SVELTE SHE may be, but the QE2 is worked like a warhorse, so that she has scarcely a minute to call her own. When she's not cruising, she's crossing the Atlantic like a stately torpedo—22 trips this year, before leaving the scene for her refit in Germany.

Cunard says that the QE2's UK sales this year have been well ahead of last year's, but that there has been a fall-off in American bookings.

Partly to counter this, Cunard last month announced two special offers that might appeal. For £695 you can spend five days crossing the Atlantic on any QE2 sailing to New York before August 31, and fly back free economy class to London. The only restriction is that the combined journey takes no longer than three weeks. Second, Cunard is offering three nights at New York's Roosevelt Hotel free to those who want a short holiday. The same £695 includes a flight home on the fourth day to London, economy class on a scheduled airline.

There is a bewildering array of other fares, so consult your travel agent and get a copy of the QE2's transatlantic timetable, which spells it all out.

In summer, normal fares per person currently range from £810 for a Transatlantic Class double (inside, bed and upper birth) to £4,095 for a First Class double (luxury outside, veranda, bath), but there are plenty of options and alternatives.

For example, if you cross the Atlantic one way by sea (QE2 or Sagafjord), you're given a Free British Airways special economy ticket the other way. Summer prices start at £950.

OTHER POINTS

● For sailings to the US, a full valid passport, plus US visitor's visa, is required.

● A charge system operates throughout the QE2, including the bars, where cash is not accepted. Bills can be sent to your home, or settled with any major credit card. (A colleague of mine, who shall go unnamed, incurred a bar bill of 95 cents. How Cunard surmounts such tiresomes I really can't say.)

● Cars can be shipped as accompanied baggage, the charge depending on weight. Maximum length of cars: 20 ft. Port taxes of £15 per vehicle are levied.

● Pets can be carried on the QE2, subject to the usual import and export rules. A dog costs £160, a cat £70. Animals are not allowed in cabins.

● A special boat train leaves Waterloo for Southampton on sailing days. Tickets must be booked at least 72 hours in advance.

● Inclusive holidays in New York, Washington, Niagara Falls and Florida can be combined with selected crossings. Hotels and transfers are included.

● QE2 bookings include free first-class rail travel to Southampton and back. If you're making the round trip you can leave your car in Southampton, without charge, on most departures.

● One-way standby fares are available to those aged between 12 and 26, from £385. Accommodation is on a shared basis; bicycles can be carried free.

● A port and handling charge of £39 per person is payable for each transatlantic crossing.

More information: Cunard, South Western House, Canute Road, Southampton SO9 1ZA (Tel 0703-34166), or 30a Pall Mall, London SW1Y 5LS (01-491 3930).

QE2 STATISTICS

Launched:	September 20, 1967.
Maiden voyage:	May 2, 1969—Southampton to New York.
Built by:	John Brown and Co (Clydebank) Ltd, Scotland.
Gross tonnage:	67,139.
Length:	963 ft (293.5 metres).
Breadth:	105 ft 2½ in (32.0 metres).
Draught:	32 ft 7½ in (9.96 metres).
Service speed:	28½ knots.
Engines:	Two John Brown steam turbine double reduction, 55,000 horsepower each.
Fuel consumption:	27 tons an hour.
Bunker capacity:	6,425 tons.
Water:	Evaporators convert sea water to fresh water at a rate of 1,200 tons a day. In addition, 1,156 tons of fresh water are stored in tanks.
Deck space:	4,500 sq yds (3,762 sq metres).
Passenger capacity (maximum):	1,850.
Crew:	1,000 (approximately).
Cabins:	There are 938 available for transatlantic crossings and 969 for cruising.

The food consumption on a return transatlantic voyage includes: 79,250 eggs, 800 lb cereals, 3,000 (imperial) gallons juices, 2,000 lb coffee, 5,000 lb sugar, 3,500 lb butter, 2,500 lb bacon, 3,500 gallons milk, 22,000 lb fresh fruit, 25,000 lb beef, 2,000 lb sausages, 5,000 lb chicken, 27,000 lb fresh vegetables.

The bar consumption on a return transatlantic voyage is: 1,000 bottles champagne, 1,200 bottles assorted wines, 1,000 bottles assorted whiskies, 600 bottles gin, 240 bottles rum, 129 bottles vodka, 240 bottles brandy, 360 bottles liqueurs, 240 bottles sherry, 120 bottles port, 12,000 bottles plus 6,000 gallons beer.

HOW TO KEEP FIT ON THE OCEAN WAVE

PAULINE, Martha, Lynda and Kim relax on board the QE2 after running away to sea— and taking their jobs with them. Normally, the quartet can eb found working at the Golden Door Spa, a $10m health resort in southern California where a week costs $3,000. But the QE2 is providing all the facilities of a spa and including the service in the price of a transatlantic ticket. What's on offer is impressive: four pools, three Jacuzzis, a saunt with massage, a gym and an aerobics studio. And with such a staff of experts on the voyage, passengers have no excuse for not coming ashore leaner and fitter.

TRANSATLANTIC TRAVEL

The Atlantic route shrinks

THE 50 YEARS since 1936 journey time across the Atlantic has been shrunk 5 times, from the 96 hours he liner *Queen Mary* at just 1 knots (35 mph) to the orde's scheduled flying of three hours 50 minutes bound, at 780 knots (898), doors shut to doors open. at remarkable speed-up n sharp contrast to the est progress during the pre-years, from 1886 to 1986. transatlantic trips were ced by only 1½ times — the 149½ hours of the rder *Etruria* to the Q M's ours.

s things have turned out, own 400 or so crossings of north Atlantic during most e past 50 years have ranged nearly 12 days on my one-only sea crossing (by war-"banana boat"), to flying ew York and back (to speak lunch in Manhattan) all in course of 15 hours in September 1980 — something which d be contemplated only in supersonic era.

y first crossing in 1943 was five legs in four different s of aircraft — from Heston, west of London, to Washington DC by way of Prestwick, avik in Iceland, Presque in Maine and La Guardia, York. The elapsed time 51 hours 50 minutes and the flying time 24 hours 39 minutes.

The most memorable portion of that flight was, however, the three hours 27 minutes in an unfurnished military variant of the DC-3 from Presque Isle to La Guardia. *Six of us piled* into a cabin stripped of seats and furnishings but half-filled

Sir Peter Masefield reviews the progress which has brought Europe and the US closer together

by semi-deflated aircraft tyre inner tubes. We went to sleep almost as soon as we had taken off, ensconced on top of the soft bed of inner tubes.

When we awoke about an hour later in pitch dark we were pressed firmly against the cabin ceiling because, in a climb to 12,000 ft to get above the weather, all the inner tubes had expanded vastly. So there we were, hard up against the roof. And there we stuck until we let down into La Guardia.

My next Atlantic crossing turned out to be the first non-stop, capital-to-capital flight from London to Washington. As the secretary of a War cabinet aviation committee, I had been able to arrange for an official British mission to fly to Washington for aircraft and petroleum discussions in a converted Liberator bomber, the *Marco Polo*. This had been used by Winston Churchill for his journey to and from Casablanca, and by Lord Louis Mountbatten to fly to and from Burma.

With a largely Canadian crew of six and six passengers, we took off from Northolt, in north west London, on June 30 1944, *overloaded with 12½ tons of fuel*. The *Marco Polo* just cleared a double-decker bus at the end of the runway and landed in the US 19 hours, 46 minutes and 3,180 nautical miles later—the first time the journey had been achieved non-stop. The Concorde's scheduled time for that route, from nearby Heathrow, is four hours, 15 minutes.

During the next few years, my Atlantic crossings included a number of further flights in Liberators interspersed with the longer, but more comfortable, crossings in the British Overseas Airways Corporation's *Boeing 314 flying-boats*.

The flying-boat route was operated from Poole Harbour in Dorset to Baltimore by way of the west coast of Ireland and Newfoundland. Typically, the night ocean crossing, with about 12 passengers, from Foynes on the Shannon River to Botwood in Newfoundland, took between 15½ and 17 hours, cruising low down at 130 knots.

A little later, the first commercial (but not very) landplane services began. These were operated by Avro Lancastrians, carrying five passengers and flew from Hurn, near Bournemouth, to Dorval, Montreal, by way of Shannon, Gander or *Goose Bay*. Then, from July 1 1946, there came for me a number of flights in BOAC's early Lockheed Constellation 049s.

The next step forward was from December 1949 when the first of the 47-passenger *Boeing* 307 Stratocruisers came on the route. These were a civil development of the B-29 bomber and boasted a small downstairs lounge and bar, made to look twice its modest size by the use of plastic mirrors. Stratocruiser services still had to be scheduled by way of Prestwick and Gander, though, and still took 19 hours 45 minutes.

Britain was back on the route with the 96-passenger Bristol Britannia 312 propeller-turbine aircraft from December 1957. The Britannia was the first aircraft with genuine non-stop capability from London to New *York — scheduled at 11 hours* between Heathrow and Idlewild airport.

On June 29, 1957, when I was managing director of Bristol Aircraft Limited, we made the first non-stop flight from Heathrow to the *Pacific coast* of North America, flying 4,510 nautical miles to Vancouver in the 87-ton prototype Britannia 311.

In May 1960 came the first Boeing 707 jets, with 747 jumbos following early in 1970. Non-stop subsonic flying times between London and New York are now down to six hours 40 minutes.

A large, quiet and economic second generation supersonic transport is now on the horizon; it will certainly be in service early in the next century if not before. And by the time 100 years have passed since the *Queen Mary* first took under three days between London and New York, I have no doubt that a hypersonic development of British Aerospace's innovative HOTOL project (a horizontal take-off and landing spaceship) will be in service and will bring down the north Atlantic journey time to less than 60 minutes.

The problem remains that the time passengers take to reach and pass through airports at each end might be longer than the actual flights.

Sometimes, progress is a little uneven.

In 1949 the Boeing Stratocruiser, with accommodation for 75 passengers, was the biggest commercial landplane in the world

The cheap and cheerful route

Nothing takes all the tedium out of transatlantic flights, but Virgin does its best, reports Antony Thorncroft

AS THE aircraft taxied for take-off the curtains rolled back from the screen and there was a shot of the cockpit. Virgin, new to transatlantic flying, was going to reassure potentially inexperienced passengers by filming the take-off. How interesting.

The engines roared; the ground sped away; the "no smoking" sign switched off, and the captain and co-pilot, their main task over, turned round to smile at the camera. But they are holding champagne glasses. And doesn't that one look like Ian Botham and the other—surely it's Viv Richards?

I think by that time I had realised that this was a film rather than a simultaneous recording of our ascent. Virgin had managed to make (hopefully) the most boring and predictable experience in life—flying across the Atlantic—a little bit different.

Some of the differences on Virgin are less welcome—the feeling that most of the cabin staff are also taking their first flight; some are just unsettling—like the injection into the off-season flights of magicians and pop groups to provide live entertainment for a wearying captive audience.

But for the price Virgin has some major pluses, notably the free food, drink and entertainment, which lasts for most of the flight and consists of pop videos, cartoons, and travelogues rather than the feature film you saw at the local last Saturday.

Virgin cannot quite take the tedium out of flying but it does its best. Its aircraft are not packed with hippies; its high deck seems to be populated with reassuring Scots captains called McGregor; its cabin staff may be ingenuous but they are at least young and keen. And this month Virgin took on a second aircraft. I used to worry about the wear and tear on that one valiant vessel.

And, apart from the price, the other good thing about flying Virgin is leaving New York from Newark. It is much easier to get to from Manhattan — by bus from Penn station; the airport is new and gleaming and quite empty; and your major problem will be to find someone to check your baggage and to tear off your entry permit. I got the impression that this vast new complex had been built for my personal usage.

*

If you book 24 hours in advance you can get to New York on Virgin for £99 (from Gatwick). First class is £199, but you also get a free economy class for your money.

Michael Thompson-Noel advises on how to travel around the United States

Terrorism fears help holiday-makers

ERICA's stay-at-home omer is being sold with a geance. For those worried terrorism, and thus wary of rope, there is an unprecedented bonanza of travel counts and packages. Eastern Airlines, for example, s recently trumpeting the mazing wonders" of the w World, claiming that Latin erica easily rivalled Europe offering beaches nicer than ce, bouillabaisse they envy Marseilles, ski resorts to al St Moritz, opera like La ala, cities as ancient as hens, the rhythm of the ago, orchids by the acre.

f you are travelling to the from Europe, it is likely will have booked in advance. But suppose you find urself in New York with a v days to spare, or that you ose to buy a cheap Atlantic ket and improvise your liday—what then?

The first and best advice (as er) is to use a good agent th an on-line computer to lp steer you through the ticket of fares and superdeals. t some US routes there are as ny as 200 air fares from ich to choose. Second, get c Sunday issue of The New rk Times whose hefty travel ction is stuffed with wads of s.

In any case, if you plan to iprovise even a short holiday, are the time for a minimum homework and thus avoid e mistake I made two years o. Wearied to the bone by e Los Angeles Olympics, I decided to recuperate in northern Mexico. It was to be a flit across the border, flower-power-style, without benefit of planning or timetables.

I took the train to San Diego, the Trolley to the border, and then a four-hour bus ride, alighting (I know not where), *in the dreariest of coastal towns* —a place fit to produce a very good novel or a very poor holiday, but nothing in between.

It was only on returning to Los Angeles and consulting the LA Times, that I discovered that Thomson Holidays was offering four- and five-day packages to Acapulco and elsewhere at extremely modest prices. Collapse of slim party.

There is a great range of cheap fares at present. Earlier this month People Express was offering these fares from New York: $29/$39 to Washington, $99/$199 to LA and San Francisco, $89/$149 to Denver, and so on.

Nor is there a shortage of packages. For example, in February American Express expanded its 1986 US and Canada programme by introducing its first Fly/Drive packages plus some new Go Any Day city-and-resort deals which are quoted for three days per person, double occupancy, excluding airfare.

Some examples: Miami/Ft Lauderdale $85 to $169, Seattle $95 to $115, Hilton Head $99 to $179. Its escorted holidays include a tour of California's wine country, $535 for seven days and six nights.

Although the US and Canada offer a superb choice of good motels, there is also an enormous range of small inns and lodges. For example, the Jericho Valley Mountain Inn in Williamstown, Massachusetts, a 350-acre mountain resort, offers one-, two- and three-bedroom cabins or comfortable suites with full breakfast from $24 to $39 per person, while the Mt Haven Resort in Milford, Pennsylvania, offers $49 weekends (per person per night) that include a room, champagne, fruit, steak or lobster dinner, plus full breakfast. (Ring 717-296-8502 and ask for Andy or Tina).

As for New York, two of the most useful publications are the 1986 New York City Tour Package Directory, and The Big Apple Guide, both obtainable from the NY Convention and Visitors Bureau at 2 Columbus Circle (212-397-8200).

The Package Directory is the best guide available for hotel package plans in New York City. There are two types of packages: those offered by hotels, which may be booked direct or through a travel agent, and tour operator's packages.

The Big Apple Guide offers a comprehensive run-down on hotels, convention services, shopping, dining, sightseeing, transport, theatres, nightlife and other attractions. There is also a special section on the new Jacob K. Javits Convention Centre.

Glynn Genin

B-Cal's super executive class—first class facilities for £1,150 return

Luxury ends all too soon

Lucia van der Post experiments with Concorde—and kisses the bucketshops goodbye

I WAS the one who got drafted to return by Concorde. Looking back, any reluctance of mine to try Concorde seems curious. I had two serious reasons for not wanting to do it.

First, I had always been led to believe that it was rather small and claustrophobic and being the sort who takes fright in lifts, it didn't sound as appealing as a nice, big, airy Jumbo. Second, it means you miss a day of your life. As New York is new and exciting enough for me to think it a treat to be there I didn't want to lose a day of precious transatlantic experience.

You leave Kennedy Airport at either 9.30 am or 13.45 (and unless you're the sort who is using the nautilus equipment by 6 am, this doesn't allow you to do much in New York first) and by the time you arrive in London three hours later it is 10.30 pm, time to go to bed. (Conversely, London to New York is marvellous—you leave here in the morning and arrive in New York in time for a full day ahead.)

On the other hand, if you must miss a day, this is the way to do it. From the moment you arrive at the check-in you are pampered and cosseted through in the most gratifying way. (Slightly disturbing the way one becomes so easily addicted to this kind of preferential treatment.)

The major problem is to avoid downing too much champagne before you make it to your seat. If you can hold out until you get there, then you can pass the next three and a half hours quite happily—a sip here, a canapé there, another sip, yes, thank you very much, a little smoked salmon will slide down very nicely.

Too soon, too soon, it's London and you're there. What's more, you arrive as the last flight of the night, the airport is empty, your bags arrive for once and before you get to the carousel and the customs man is yawning. You have to organise your own car home!

IT'S certainly possible to spend an hour or more in the crowded arrivals hall at Kennedy airport, New York. But travel first class and they make a big effort to get you and your luggage off first.

Fifteen minutes after the British Caledonian 747 had taxied to the gates, having claimed my bags and cleared customs, I had settled back into the deep upholstery of a limousine, on my way to Manhattan.

Nine airlines operate scheduled services between London and New York, probably the most highly competitive route in the world. All make special provision for business travellers.

Yet British Caledonian's "Door to Door" service is unique. First and super executive (business) class passengers can use a free chauffeur driven car service within 40 driven miles of London Gatwick, or one of six regional UK airports, if they are making a BCal transatlantic connection at Gatwick.

In New York, all BCal passengers, including those travelling economy, are offered free helicopter connections between Kennedy Airport, Manhattan, and La Guardia and Newark Airports.

The present London-New York return fare is £2,418. Curiously, BCal offer a combination of five round the world first class fares, using British Caledonian services together with those of Northwest Orient, Japan Airlines, Malaysian Airlines, and the French airline UTA, for only £2,035.

AGENTS CAN SAVE YOU MISTAKES

THERE IS only one piece of useful advice to offer anyone trying to wrestle with the jungle of North Atlantic air fares — use a good travel agent.

There is such a range of fares on offer, and they can change so swiftly, that you're likely to make expensive mistakes unless you use an expert.

"The Atlantic is changing daily," said one agent. "Some carriers were offering panic fares because of the Libyan crisis, but that has changed as business has picked up. On the other hand, the airlines are still giving heavy discounts on the North Atlantic — some of them up to 30 per cent off list fares — so it is worth using an agent who knows his stuff."

Between the ultra-cut-price carriers at one end of the market and the luxury of first-class travel, there is a complex array of fares, deals and packages. Some agents this week were offering London-New York one way at £115, return at £220, or London-Los Angeles £176 one way, £352 return.

If you deal direct with the big airlines they'll offer standby fares to New York on any scheduled flight for £149 one way until the autumn, bookable on day of travel.

Mr Alan Robb, managing director of London's St Paul's Travel, says the airlines could do a lot more to encourage and simplify travel. "For example, they should have a one week, standby, non-refundable Atlantic fare that's not as complicated as Apex. They could also introduce a family fare. It would all help matters."

Antony Thorncroft on how the QE2 keeps its passengers entertained

Ship-shape theatre

DECISIONS, DECISIONS, decisions—anyone who books the QE2 way to New York in the expectation of a calming four-day snooze had better think again. Even if you sleep past the 7.30 jog around the decks your morning starts with a bewildering variety of choices. The daily programme, slipped under your door at night, lists about *fifty events*.

Can you resist the chance to personalise and decorate soap with Bertha Berman? Later you can have your feet sized up by Susan Deiner, the shipbound chiropodist, or trim the waist at the "Absolutely Abdominals" session.

The brain is not allowed to moulder. A very stiff daily quiz keeps the bookish chained to the library and around four times a day lecturers earn themselves a free passage by pontificating on life on Mars, tortures of the Tower of London, and trading in futures —a specialist subject when up to two thirds of the passengers can be over 60.

And yet Tim Castle, the cruise director, is not entirely happy with the entertainment currently on offer. Competition for the cruise traffic is intense and he is planning changes.

Castle is a great believer in getting the customers involved rather than letting them be passive observers. There is a singles bar for the actively alone, and if the chess fanatics can get together in one spot, the bridge brigade in another, the Trivial Pursuit knowalls over there, and the debating group in a sound proof room, he thinks he will be on a happy ship.

One novelty he is airing is a "train party" where you conga from cabin to cabin picking up a ticket for every drink you consume — alcoholic orienteering. The tea dances and the bingo, the backgammon and the Tote, the cocktail music and the videos, will continue, but more emphasis will be placed on passengers finding soulmates and amusing each other.

And when, by 10.30 in the evening, they have exhausted their mutual resources, Tim Castle hopes to dazzle them with big name stars. On the around-the-world cruises the QE2 pays the like of George Burns, Vincent Price and Rita Moreno generously to entertain, with fees approaching $100,000. On the Atlantic passage payments slip well below $10,000, so the variety acts are rather reminiscent of the early days of television—magicians and harpists, singers caught in a Tom Jones time warp, and comedians from the American school of humour

They are familiar regulars. The rest of the artists appear on opening night in a "Taste of Things to Come," billed as an appetiser for future delights but really an opportunity for Castle to size up the talent and alter the programme if the booking agents in New York and London have slipped him some real "no no's."

At the moment the passengers determine the artists. Castle dreams of the day when the QE2 becomes the floating home of the Manhattan set who will be diverted by Sinatra and Streisand and prepared to pay the price. For the moment it is honest troupers, happy to earn less than they might on dry land for the security of the bookings and three square meals a day.

So the QE2 plays safe on entertainment, compromising with its mainly American passenger list by using visual rather than verbal artists, and compromising with its mainly mature audience by employing artists whose careers may also have peaked in the good old days. A more experimental booking policy could pay dividends. Apparently the ship has been much enlivened when expensive personalities like Larry Hagan (JR) have been on board, coming their keep by chatting about show business life and generally being nice to everyone. It should be within Cunard's ingenuity to coax along similar extrovert stars for a free ride rather than rely on dubious "specialists."

The great exception to the bland is the films on show. Anyone complaining that they don't have time to keep up with the latest releases should book up immediately—"Room with a View"; "Absolute Beginners"; "Out of Africa"; and "Runaway Train" were among the films screened.

Anthony Curtis visits some havens for gentlemen—and women

Plenty of aces among the clubs

AMERICANS LOVE clubs, and s a British guest or temporary members they make you feel most welcome. On the whole, their clubs are more professionally managed than ours, in better shape as far as the buildings are concerned, and the service in the bars and dining-rooms is more efficient. They have their financial problems of course, but these do not seem as acute as those afflicting many London clubs.

The notion of the gentleman's club is no novelty in the history of the great cities of the United States. In 1893 there were 119 clubs in New York; in 1901 there were 157; there must be well over 200 today. Clubs like the Union Club and Knickerbocker Club were founded by the earliest Dutch and English inhabitants of the City and still retain their exclusiveness. The Carlton Club was founded as a place where "generals of industry, finance and of taste" could meet "in an atmosphere of cordiality and trust" — an intention similar to that of many clubs.

Some clubs have now begun to admit women as full members. In others resistance continues implacably as it does in London and the question is often discussed over lunch. However, American women have their own clubs which do not admit men as members — though they have no objection to men as guests — and several of these vie in splendour and comfort with the men's clubs. The Cosmopolitan club on East 66th Street is the leading women's club in New York, and there is also the Colony Club on Park Avenue.

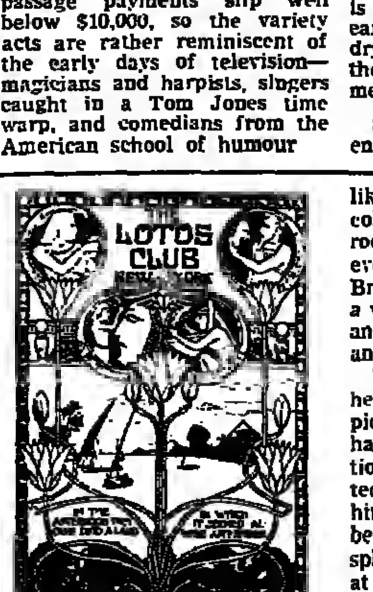
Americans make no secret of the fact that the idea of a club is essentially undemocratic: you admit some groups or individuals and exclude others. There are "Wasp" clubs for other ethnic groups; for instance the Harmonie Gesellschaft was founded in New York in 1852 for Americans of German Jewish origin and it still flourishes today as the Harmonie Club.

It would be misleading to over-emphasise the exclusive aspect of American clubs since the main impression you receive on entry is of a relaxed openness and friendliness, with men and women at their ease enjoying the often extensive amenities of the club (swimming-pool, saunas, games room and library as well as restaurant and bars). This is particularly true of the university clubs in New York, the Harvard Club, the Princeton Club and the Yale Club, which are excellent places to stay. The most imposing of these is the Harvard Club on West 44th Street. The oak-panelled dining-room has a 40-ft high ceiling and is a busy scene at lunchtime.

Next door in complete architectural contrast stands the Century Association, one of the most refreshing and convivial gentleman's clubs in New York, where a member of a London club such as (say) the Garrick or Savile feels thoroughly at home. The right of temporary membership for Garrick members when they are in New York is offered by Centurions and vice versa.

The Century, founded in 1847, grew out of the earlier Sketch Club started by "one hundred gentlemen interested in letters and the fine arts." It moved to its present clubhouse built by Stanford White in 1891; it betrays its origin by the fine collection of oil-paintings on view in the main rooms including a portrait of Henry James. It has no women members but like many American clubs, creates frequent opportunities for members' families to enjoy the club. The recent Winslow Homer masquerade ball seems to have been a huge success, and members are bidden to bring guests and children to the club during the Fourth of July Festivities when picnic fare, including hot dogs and apple pie, will be served.

Until he was shot dead in the *Madison Square Garden* restaurant in 1901 by his wife's former lover, in a spectacular New York crime passionel, Stanford White was a great builder of clubs. One of the leading American architects of his day, he was influenced by Sir Charles Barry who built the Travellers' Club in Pall Mall. Whitehead developed a grandiose version of Barry's style known as American Renaissance.



White also built the Players' Club in Gramercy Park where, as its name implies, many of the members are distinguished in the theatre and which also has close links with the Garrick.

But White's most impressive edifice was the Metropolitan Club on East 60th Street which now also houses the Canadian Club. It is a palazzo of Borgia-like proportions whose tall columns in the main dining-room prop up a ceiling higher even than the Harvard Club. Breakfast in that vast room with a view of Central Park, the Ritz and Grand Army Plaza is quite an experience.

The club was built at the behest of J. Pierpont Morgan who, piqued that one of his friends had been blackballed for election to the Union Club, instructed White to go away and build him a club. Unfortunately the bedrooms do not match the splendour of the public rooms; at least the one I had was dark and shabby though perfectly comfortable.

Moving uptown from the Metropolitan Club along Fifth Avenue, you are in a district with a lot of clubs. One of the most attractive on East 66th Street is the Lotos Club founded in 1870 "devoted to literature and the arts" with a tradition of entertaining English men of letters. In 1947 it moved to its present building, designed in the Renaissance style by Richard Howland Hunt. I arrived on a Sunday which is usually an empty day for any club, but this one was Father's Day, for which a brunch was being served from 11 am onwards for members and their families. I was invited and thus partook of some of the excellent hospitality of this club.

Clubs are by no means confined to New York. In a quick dash to Washington DC I stayed overnight at the Cosmos Club founded by John Wesley Powell and other members of the US Geological Survey who were stationed in the capital at the end of the 19th century. Inside it is cool and vast, shaded by tall leafy trees in its own garden.

My visit coincided with the Monday night Staff Buffet Supper where I was welcomed by members who expounded some of the history of this club to me. They were still enthusiastic about the English Country House Exhibition now closed. One member had visited it seven times.

Anthony Curtis

NEW YORK

Weekend FT writers, on a wide-ranging swing through the world's most exciting metropolis, discover

Long on glamour, high on prices

by Lucia van der Post

WHEN I last did a page on New York, things were very different. A combination of Sir Freddie Laker and a strong pound made it seem like a shopper's paradise. Food, hotels and a whole range of goods in the shops, I wrote, seemed to give twice the value for half the price. Today, it is a very different story. New York is a very expensive city. Good hotels will set you back as much as a London one (and that, as they say, is going some) while restaurants, unless ethnic Italian, Chinese or Jewish, cost much, much more.

Remember that everything you buy in New York is subject to an 8 per cent sales tax — so the price you are looking at is always less than the one you'll end up paying.

Tipping is an integral part of the New York culture and it will make a surprisingly large hole in your budget. Don't expect much gratitude when you leave even a hefty one, but you can be sure of a great deal of surliness if you undertip.

Nonetheless, there are some things that really are worth buying in New York. The top department stores are marvellous on service and do not forget that you can open a charge account on the spot with a credit card which should give you a few months free credit waiting for the bills to reach you (obviously you then take a chance on what the prevailing exchange rate will be).

Many department stores offer mail order services, so ask for the catalogue and take it back home if you are in doubt about colours, sizes or whether you really do want it. Nearly all have 24-hour telephone order services, so you can order whenever the mood hits you.

When it comes to prices the best buys, from the purely economic point of view, would seem to be things like electronics of all sorts. Calculators, cameras (see Glyn Genin's notes), hi-fi, cost roughly in dollars what you would have to pay here in pounds.

Anything to do with opticians, I'm told, is cheaper — certainly I bought a pair of those useful but unglamorous reading spectacles for $15. Ready-made in varying strengths, they are just what the mildly myopic need to buy by the fistful and put at vantage points round the house.

I was much impressed with the menswear, the range of leisure clothes, sportswear and, of course, summer city suits, is much larger than here and the prices did not seem out of turn.

When it comes to clothes for women, New York offers a wealth of choice. Home-grown American designers seem to have a flair for producing wearable yet sophisticated clothes and, though they no longer seem much of a bargain, you will find a much greater choice than you ever see over here. Fans of Donna Karan, Calvin Klein, Anne Klein, Ralph Lauren, Perry Ellis to name but a few, will find a much bigger selection in the New York stores and the only prices I was able to compare (Ralph Lauren's) seemed considerably lower over there.

Bed linen no longer seems much cheaper than here but it is certainly *different*. Apart from coverings for all those mysterious items like comforters and bolsters and the complications of sizings (go armed with all your measurements, from bed to bra, if you plan to do any serious shopping) there really is a very beguiling selection of bedlinen.

Those who like modern jewellery will find it is a great place to go searching—whether you like it wacky, sophisticated, avant-garde, antique or precious, New Yorkers certainly like to pile it on so there's lots of choice.

Books, they tell me, are great buys here — they are unfortunately also extremely heavy to carry home so I didn't do a test — but Barnes & Noble, which has branches all over town and two very big ones on 5th Avenue, sells even new books at prices that seem lower than anywhere else. It's also the place for remaindered books.

Records, too, my son tells me, make a great present to take home. You'll find some of the best collections of jazz, rock, blues, as well as esoteric baroque singers if that's what you want. Bleecker Bob's Golden Oldies, 179 MacDougal Street in Greenwich Village, is almost a cult place to visit — go there for rock, reggae, jazz, punk, as well as fifties and sixties classics.

Finally, if you need *any* kind of sportswear this is the place to buy it — which isn't surprising considering that this is the city where it is quite normal to see a woman dressed as if ready for lunch at the Ritz from head to ankle. At the ankle the image curiously disintegrates, as if a child had put together the wrong sections of a cut-out book and there she wears ankle socks and sneakers. New York really is different.

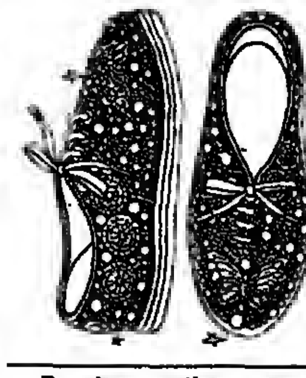
It's worth taking note of the main shopping areas. Madison Avenue and 5th Avenue (both roughly from 58th Street to the upper Eighties) are among the world's most chic avenues. Long on glamour, high on prices, this is the heart of the fashionable Upper East side and naturally there are shops to cater for these most privileged of beings who live there.

Columbus Avenue (from the Lincoln Centre up to about the hundreds) is an up-and-coming Yuppie area (though it was carefully explained to me that West Side Yuppies are different from East Side ones, less Wasp, less establishment, more adventurous but nonetheless seekers after the good material life) and once again there are naturally lots of new stores to tempt the Yuppie money. I found it lively interesting, full of interesting small shops and stuffed with enticing looking restaurants.

SoHo, defined as the area south of Houston Street, and Greenwich Village, repay time and care — the small shops, many of them open on Sundays, are much less establishment than Madison and 5th Avenue, and have an air of much charm and excitement about them. They would certainly be my own preferred areas to wander in and make discoveries of my own. SoHo is certainly the place for modern and contemporary design, whether for furniture, clothing, jewellery or household items.

If you like things old and rare, then the best hunting grounds for antiques that I found were in Bleecker Street in Greenwich Village—Madison Avenue has its share but the prices seem out of orbit. There seems to be no real equivalent of our Portobello market or our *antique markets*—Canal Street, much referred to in the guidebooks, struck me as seedy and full of tat.

The East Village *is* up-and-coming and its rich ethnic mix makes it very attractive but it



Drawings on these pages by Anne Marrow

ABOVE LEFT: the great American pastime of people-watching, here in Lower Manhattan's South Street Seaport where a new complex of markets, shops, restaurants and pedestrian precincts perches right on the edge of the Hudson.

ABOVE RIGHT: when in New York, do as the New Yorkers —go easy on the feet.

LEFT: the great American sneaker is more than just a passing fad, it's a 24-hour-a-day comfort. Dyed in all the colours of the rainbow, they come bedecked with crystal and diamante beads. Now you know how to survive your next cocktail party. $140 a pair from Flaminia Shoes, 777 Madison Avenue.

has certainly not yet come and most New Yorkers issue dire warnings about too much wandering around (Crack, a new, faster, more potent *form* of cocaine, seems to be rife in the East Village).

The Lower East Side (see bargains) is the place for discount shopping on a Sunday.

Down in Lower Manhattan it's all happening. Even the Yuppies are moving in. The *price of real estate, as they* call it, has rocketed and the South Street Seaport is a good place for a stroll any time but most particularly, perhaps, on a Sunday. Shops of almost every kind can be found there but of most interest probably is the central covered market, full of fresh fruits, vegetables, fish and delicatessens. Here is a good place to buy the dotty present to take back home (The Great American Sunday Newspaper Reading Glove—at $7 a pair) to enjoy the atmosphere and to *ponder on which of the many* restaurants you might patronise for lunch.

Food for Yuppies

New York's trendy diners-out have an ever-widening choice of menus. Peter Fort joined them.

EATING OUT in New York is even more a matter of people-watching than it is here. But when you leave off looking out for Woody Allen, what about the cooking? Well, it is getting exceptionally good and with reason. Yuppies, remember, are young; but unlike the English young they demand good cooking and like to show off about it. So where the cooking is good they go, night after night, and spend a lot.

The existence of such a dollar-rich market draws many talented cooks from all over the world who want to cook high priced food for a appreciative clientele. Ask around among the brigade of any of the great French restaurants—all the brightest young men dream of owning their own show and about half of them hope to do it in New York. And probably the same is true of young cooks in Hong Kong, Hawaii, Vienna and Bologna.

Restaurants rise and fall with awesome rapidity as the stars move round and move on, always in a new place, where the decor, in true Soho style, may be almost non-existent. Bars, shops, marble halls, warehouses are pressed into short-term service—just so long as there's room for a kitchen.

A New York menu is a looser, less structured, thing than its European equivalent. Salads seem to come before during and after. The bread basket is a feature, discussed, promoted, bragged about and criticised in a way quite unknown to us. "What kind of bread would you like," the waiter asks as he hovers, tongs in hand, huge basket over his arm. Sometimes the basket has croissants, which are apparently eaten during lunch or dinner, as if they were bread.

Are the days really gone when lunch was preceded by several enormous martinis and accompanied by coffee? Wine lists nowadays contain a long selection of American wines—where they used to be sneaked in behind the French and Italian, now they have pages and pages to themselves, generally at the beginning.

If by any chance you are one of those to whom the food is just a part of the dining experience, you are supremely catered for. You can eat well on top of the World Trade Centre, a quarter of a mile in the sky, and look down on the helicopters buzzing about Manhattan; on board a yacht cruising round the island and the Statue of Liberty. No-one has so far opened a restaurant in a lift, but you can sit out at the bottom level of the Trump Tower atrium and watch the world's glitziest escalators shimmering overhead.

If you go to the Four Seasons you can have the ultimate in modern metropolitan restaurant food. This is a dauntingly smart, ruthlessly expensive and very modern place in the bottom of Mies van der Rohe's Seagram Building, angular, spacious and cool. The man who takes your order and brings your lunch is not dressed as a waiter but in a grey three-piece suit. Here you can have the Spa Cuisine, which is like a slightly more international version of Michel Guerard's cuisine minceur and is designed to keep the captains of industry alive and alert at the helm all afternoon.

Tiny pretty dishes of fish and vegetables that you may wash down with near - freezing Perrier or a glass of bone-dry white wine and follow, as all smart New Yorkers seem to nowadays, with decaffeinated expresso.

Only the exceptionally greedy can manage the full restaurant experience more than once a day, and New York is the best place in the world for eating all the rest of the time. Thousands of delis and lunch counter dispense things to "eat here or to take out" which are always fresh, well packed up and presented with all the flourish and plastic cutlery you are ever going to need. Burgers and hot dogs in Europe seem to have picked up, but not knishes and bagels and sushi, all of which you can buy (along with ravishing sandwiches) to brown-bagging in one of those clean little plazas which thoughtful architects keep providing at every turn. It is also an exceptionally good place to go out for breakfast.

What is nice about breakfast-ing out in America is the free and easy way it is assembled from the things you fancy, as breakfast ought to be. Americans have, I suppose, never been told that there are some things one just does not have for breakfast, so you can construct it out of all the things you like in no particular sequence. Often even quite posh places serve breakfast; often quite unposh places serve very good breakfasts. So the choice is very wide and the hours very long.

New Yorkers, in fact, like eating out a lot and the whole place is more relaxed about it as a result.

And, unlike London, all the

Antony Thorncroft samples the night life of Manhattan

In pursuit of pleasure

THE NEON sign in the foyer of the Palladium, this week's leading New York discotheque, orders customers: "Savour pleasure — cruelty is always possible later". As an epithet for the city's night life, it could hardly be bettered.

New Yorkers, perhaps because they believe they work hard during the day, are totally committed to enjoying themselves after dark — an after dark that lasts until dawn. The main avenues in mid-town are as crammed at two in the morning as is London's Piccadilly in the rush hour as the crowds search for the newest craze, the latest smart place, for their own tiny part of the most exciting metropolis in history, for fun.

It is not difficult to find the chic venues — cherchez la queue. The hopefuls stand behind sidewalk barriers as the maitre d's trained to distinguish in half a second between the inherently chic and the "B & T" set (Bridge and Tunnel interlopers from outside Manhattan), choose one in three to enter the right disco, restaurant or club. New Yorkers do not really mind how they pass the night — whether in eating, drinking or dancing — as long as they can impress the next day with the name. So the sheep move from the Palladuim to Sugar Reef, the current hot restaurant which serves Mexican marguerltas, West Indian food, and trains its waiters to dance to Caribbean music: with no reservations accepted it can take two hours to glimpse a table, even if you do pass the trendiness test.

Insiders will tell you that New York night life peaked last summer. Certainly, it is fairly easy to talk your way into the leading discos. This is probably because fear of AIDS has decimated the gay scene in New York and the discos which were predominantly gay, like the Saint, or had gay nights, are now looking more kindly on non-gays.

So head for the Palladium (East 14th Street), perhaps on a Thursday when all sexes are welcomed. Although now over a year old, this latest gamble by Steve Rubell and Ian Schrager, the spawners of the old Studio 54, looks like staying popular for at least another year. In the crowd you might well lose sight of the flashy decor, but there is no missing the glass and steel stairway leading up to a dance floor that embraces 4,000 heaving bodies on an average night. They provide a floor show orchestrated by computer controlled lights, video screens and music. The flamboyant can perform on raised stages on the perimeter; the setting changes by the hour as curtains and screens split up the dancers and banks of video monitors swoop down on the fun-seekers. Somewhere, presumably, Cecil B. DeMille is directing this vast cascading

Photographer host meets trans-sexual attraction at a party in the Palladium.

It is the vastness of New York discos that overwhelms the British visitor. At somewhere like the Saint, a helicopter could drop in unnoticed. They are friendly, escapist palaces that welcome most age groups and should not extract much more than $60 a couple for a long night's gawping, and that includes one-price drinks. Other current top names are Area, with the gimmick of a complete change of decor every six weeks; Stringfellows, for those nostalgic for London (although it has acquired a reputation for being expensive and up-market —better to go down a block to the more punky, Danceteria); or China Club, in the basement of the Beacon Hotel, where the musicians go to unwind. Rumour has it that the likes of Bowie jam here, a rumour I doubt very much.

But what of the affluent Yuppies from the upper east (and now the upper west) side? They have their own, more select hunting grounds. They haunt smart bars like Mortimers and The Odeon; chic restaurants like Café des Artistes (the prettiest restaurant in New York with its 1920 murals, by Howard Chandler Christie, of frolicking nudes) and Alo Alo. If they want to dance, they might drink at Bar Kingfisher Room at the Blue Willow, on the corner of Bleeker and Broadway, where, in a louche atmosphere decorated with oriental carpets and candelabra, there is a bare back room for shakers.

Or, in this conservative age, they *might recapture the New* York of the Thirties, not by going to Harlem (which isn't recommended even though the Apollo has reopened) but by catching Bobby Short at the piano in the bar of the Carlyle Hotel. Here are memories of a score of Hollywood movies — a *romantic* setting (all soft lighting and art deco panelling), plus a charming, slightly camp performer (like a dusky Russell Horly) who mixes reminiscences of Broadway with the songs of Porter, Arlan, and the like.

While white is this year's colour in London, in New York it is black, especially at The World disco on the rough lower east side and in the Milk Bar, one of the currently OK places where black clothing sets off the white atmosphere. It would be precocious to turn up here before 1 am, to be scrutinized through its peephole. Reliable sources say that Downtown Beirut (actually on 1st Avenue and 11th St) is the best punkish hangout, with an excellent juke box; that if you have *surplus* energy after 3 am you head for Save the Robots, suitably seedy and also on the lower east side; that the designer-denim crowd favours Café Sphinx, and famous face-hunters the Central Falls, a bar in Soho.

All might have changed by today, though. Once the word gets out, and the followers of fashion descend, the small crowd of the famous and the infamous who wield such unmerited power in this city will have moved on, although never very far. For a visitor, New York offers a sharp contrast to London — much more extensive in its haunts; much longer in the hours kept; rather childish in the pursuit of celebrities; much less fashionable in appearance; but much more imaginative in gimmicks, showmanship and settings.

So, New York is awash with pleasure; but what of the cruelty promised by the Palladium sign? It comes not *so much in* the financial cost but in the sight of the disappointed in the early hours of the morning, still searching desparately for the illusory fix — of companionship rather than drugs. The singles bars exist now more as a state of mind for thousands of young New Yorkers who invest their high incomes in one endless party which increasingly resembles an unstoppable, uncontrollable, carousel. The drive might come from drugs, more often from drink, but the competition to be happy in New York is quite frightening, given that happiness is such a fickle

The café society

Lucia van der Post finds that eating out is a way of life.

EATING OUT is as essential to a New Yorker as breathing. *Confined to barracks*, they seem to think malnutrition might set in. Manhattanites frequently eat out at least four times a week and the once-a-week Saturday treat group are referred to, somewhat unkindly, as the B and T (bridge and tunnel) crowd.

Where *you* eat, and with whom, matters. This means that the restaurant culture has become a complicated, rich and endlessly diverting source of interest and anecdote.

For the new visitor it may seem easiest to reach for the guide books but if you do you'll need to *start reading* long before you get there because in a city with some 15,000 restaurants it will take some diligent study to sift through even the most edited of guides.

The other thing to remember is that eating in fashionable restaurants isn't cheap. The only way for those not on expense accounts to stay solvent is to explore the wealth of ethnic restaurants that are in every district. Go to China-*town*, wander round *Little Italy*, try a Jewish deli — not only will you be relieved at the price, you'll have had an experience more authentically New York than the high-priced trendy restaurants.

Hotel restaurants are staging a come-back. If you have to entertain *downtown*, in *and* around Wall Street, the American Harvest Restaurant in the Vista International Hotel is an oasis of civilised comfort and delicious food. (Newcomers with a sense of adventure should try the soft-shell crabs.) For sheer style, elegance and that seductive feeling of being surrounded by nothing but the best, it would be hard to beat the Carlyle — after a hot day trudging down Madison Avenue, its cool interior and colourful buffet and wonderfully retorative.

If you want and can afford la grande luxe then we're told (we never made it) that Lutece, 249 East 50th Street, is currently considered the best restaurant in the whole of North America. The Quilted Giraffe and La Cote Basque are said to be next in the pecking order and for any of these you'll need to make sure you book weeks in advance.

For spectacular views there is the Windows on the World up in the World Trade Centre (order a drink, consider the view, revise your ideas of the Universe), or the River Café, 1 Water Street, *Brooklyn*, for food that is no great shakes but this time of Brooklyn Bridge.

There seems a spate of new restaurants charging high prices and *serving* modish food that look much more like cool cafés than intimate restaurants, perfect places for people-watching if less than perfect for cosy tête-a-têtes. Of this breed, The Odeon at 145 Broadway and the Metropolitan Café in Union Square are full of bright *young* (and not *so* young) things and the food seems to home in on current New York fads—lots of *saladés composés* and pastas. Down in Tribeca, within striking distance of Wall Street, Montrachet is serving refined nouvelle cuisine delicacies in a more intimate *civilised setting* that could well be found in London or Paris.

For a real American experience try the Oyster Bar and restaurant in Grand Central Station—no pushy new arrival this, but a long-established favourite of many a New Yorker.

Nowhere do they understand better the problem of the woman who likes to lunch out but doesn't like food. Jacks at 1022 Lexington Avenue (at 73rd Street) is perfect for this breed —ask for the freshly-squeezed grapefruit juice and toy with some sliced tomato with fresh *basil and Fontina* cheese. Mortimer's at 1057 Lexington Avenue is a jet-set favourite for either lunch or dinner and here, too, you can toy with an over-priced cocktail and a little light pasta or a salad.

Once dubbed the prettiest restaurant in New York with *the worst food, The Sign of the* Dove is still one of the prettiest but the menu is undergoing a transformation. On the night we ate there it was not only immaculate (I remember, in particular, a marvellously interesting terrine of eggplant and roasted red peppers) but so original that you longed to try it all.

Of serious anthropological interest is Le Cirque—here you get a chance to observe New York's smartest women spending sums that would feed most of us for a fortnight on a chance to see and be seen—and, incidentally, to eat some of the finest food in New York.

For food with real American elan try *Arcadia*, at 21 East 62nd Street—its woman chef, Anne Rosenzweig, has won lots of plaudits for her own interpretations *of* all-American classics like lobster, sweet potatoes, et al.

If you can, avoid all hotel coffee shops. The food is often a disgrace and the service insulting. For breakfast, you'll do far better to sally forth in search of a deli. (The same goes for lunch.) If you visit Shea Stadium, avoid the

NEW YORK

brashness, bonhomie and the ambience of it all . . .

and full of surprises

Lucia van der Post

HOW TO SPEND IT

Stores

NEW YORKERS say thet no real New Yorkers would dream of buying their elothes in a department store.

This cannot be literally true for the storea look rich and confident; nonetbeless, there elearly is a grain of truth io il. Saks, Bergdorf Goodman, Lord & Taylor *et al* are prime free entertainment. Go along and get your eye in. Admire the way they do the windows. Take in the whole sherp, chic, minimal New York look. Suss out the designers in whom you are interested.

Saks, in particular, on 5th Avenue et 49th Street, has two whole floors filled with designer clothes, all beautifully labelled and presented by name so you cen aee for yourself just why there is such e fuss ebout Oscar de la Renta, Bill Bass, Donna Karan and the rest.

Bergdorf Goodman, on 5th Avenue at 58th Street, exudes a very snooty air of *grand luxe* but it is a calm, uncrowded, soothing place to shop — if you can afford the priee tags. Donna Karan, ahe of the ineffably subtle drapery and soft, muted colours, ia the hottest new fasbion name of the moment and Bergdorfs has one of the best Donna Karan departments io town. While I was there, the lady berself was making personal appearances, rather like a visiting film star.

Her simple little "bodies" (the figure-hugging numbers with which she made her name) sell from anything between $75 and $95 dollars a time, while a sleeveless, silky, creamy polo neck body is $180. But when you are as hot a name as Donna Karan, you can hardly make them fast enough.

For me, however, the best floor in Bergdorf's was the topmost, where I found ooe of the most ravishing home departmeots I have ever seen. Whether it be antique glass or crisp, pure white linen, everythiog is selected end displayed with rare teste and a real gift for sedueing the eye.

Bloomingdale's, Lexington Avenue et 59th Street — or Bloomies es it is affectionately known — is the one that almost everybody I know made a point of visiting when in New York. If yon heve ever had any trouble finding a given colour of tights you ahould visit the famous Bloomies' hosiery department; here, for anything from $4 upwards, you can find almost any eolour, texture or thickness.

Go to "Intimaciea—Sighs and Whispers" to marvel at the vast array of underwear. Fans of tbe Calvin Klein androgynous collection of singlets and pants will find it all there —the good basie shapes in good colours.

Alexanders, at Lexington Avenue on 58th Street (almost next door to Bloomies), is where those with a good eye and the patience to hunt go to search for a bargain—the aphorism is that you get your eye in at Bloomies and go next door to Alexanders to buy. But the ambience is nothing like as attractive.

Macy's on Broadway at 34th Street, is the store of which the New York Times asked: "Is New York a macrocosm of Macy's or is Mecy's a microcoaim of New York." It possibly exudes more of the city's real atmospbere then any of the others and it is certainly the piece most likely to emuse or interest children or teenagers. While no self-respecting yuppy, I am told, would admit to shopping there, many of them nrobably do, particularly if they have children.

Osh Kosh dungarees, those heloved of trendy narents, ere much cheaper in Macy's than *in Britain. Look, too, for jeans,* cottoo-knits and cotton polos: Macy's own label are usually excellent value.

If you make it downtown, go to Barney's at 111. Seveoth Avenue at 17th Street. In spite of its somewhat seedy surroundings, ioside it is all clean, light, white and bright. It ia best for men's clothes, whieh are excellent, and there is a charming small department called Chelsea Passage which bas some pretty bits and pieces that would make fine presents.

The Limited, on Madison Avenue at the corner of 62nd Street, isn't as large as the others but it has recently been revamped with flair.

A major point of interest, though, is Victoria's Secret, which is a very clever and delicious method of selliog onderwear. From frillies through to chic and sleek satin shirts aod hoxer shorts, you will rarely have seen such a variety of uoderwear and nightwear in such beguiling surroundings.

However, the big talk in New York is all of Ralph Lauren's oew store in the old Rhinelander mansion at 867 Madison Avenue. Less e store and more the reelisation of one man's personal dream, it seems to offer the comforts end luxuries of the gentleman's club, the grand *baroniel mansion and the most* pampering of houdoirs.

Each floor provides a feast for the eye, *from* the gentleman's club atmosphere of the grouod, through tbe women's departments on the third and on to the exquisite home furnishings department oo the top storeys.

Lauren himself deseribed it as not so much a shop, more a shopping experieoce. He did not exaggerate. Go and look for yourself—you will not heve seen anything like it.

As for the clothes—it is the mixture as before but, if anything, more refined and distilled as Lauren grows in confidenee and the tills keep ringing. There ere exquisitely modernised versions of the old elassics —but nothing loud or trendy or discordaot in lioe with his admiratioo for old-world values and his perception of the lifestyle of the well-born European.

As to the prices, my edvice to Ralph Lauren fans is to buy in New York. I am sure it is a bit of swings and roundabouts, but every piece I did maoage to check out seemed cheaper there. The beautiful elligator belt that sells in London for £600 sells in New York for $525; *while silk houndstooth trousers* that sell for £220 here are $279 over there.

Crafts

IT SEEMS a pity to go to New York and not to look at some indigenous crafts. Frequently the museums hold exhibitions celebrating American art—while we were there the Whitney Museum had a marvellous exhibition of Shaker furniture—and in any event a visit to the Museum of American Folk Art, for its permanent and special exhibitions, is always rewarding.

If, however, you are thinking of buying anything to take home your first stop should be America Hurrah Antiques at 766 Madison Avenue. Here Kate and Joel Kopp specialise in quilts and claim that nobody in the world has more or better quality antique quilts than they do. They define antique as anything before 1930 and when they first started buying them some 18 years ago, they could buy them by the fistful for anything between $10 and $65 a time—today they mainly sell them at prices from $500 to $3,000.

Besides quilts, there is always a collection of decoy ducks on sale—they usually sell the less expensive ones, those made by anonymous carvers which are classified more as folk art than great art and which are stronger on personality than literal detailing.

Another great American collectable is the traditional weathervane — charming they are, and America Hurrah Antiques usually has some on sale. Look out, too, for naif paintings by Albert Freedmen who came from the same small town as Jack Kerouac—Lowell in Massachusetts—and from his small rooming house used crayons, radiator paint and anything else he could get hold of to turn out his own version of folk art, that is currently being snapped up by many of the museums. Here, his prices range from between $150 to $300.

Not far from America Hurrah Antiques is Thos. K. Woodard at 835 Madison Avenue between 69th and 70th.

Here, too, there is a selection of quilts, running from a few hundred dollars to as much as $10,000 but you could buy a nice old one for somewhere between $500 and $1,500. Rarity, condition and the elaborateness of the patterns is what determines the price, and quilt connoisseurs will be interested to know that Amish quilts are becoming scarcer and more expensive by the day. While I was there, Thos. K. Woodard had a marvellous exhibition and sale of Shaker furniture—one of the best private collections to come on the market for years and though this is now over, there are often similar exhibitions which makes a trip to the shop worthwhile.

As the supply of antique woven rugs dries up, Thos K. Woodard has started its own modern versions featuring traditional patterns. The original rugs were conceived as inexpensive alternatives to oriental rugs and were woven by 19th century rural New Englanders, Pennsylvanians, Mid-westerners and Southerners. Shaker weavers, Amish and Pennsylvanie Dutch all created their own distinctive styles and many of these are now reproduced beautifully by Thos K. Woodard.

The results are charming, simple, infinitely pleasing and very hardwearing, being made from tough, 100 per cent cotton. Prices are about $80 a square yard and though nobody will wish to carry home yards of staircarpet it is worth knowing that there is an excellent full-colour mail order leaflet and you can happily order some of it when you're back home.

The company also sells 20th century quilts which are colourful and less expensive than the more rare antiques.

Ellen O'Neill's Supply Store at 242 East 77th Street is a much smaller, less exclusive shop than either of the other two but it had some of the best value quilts I've seen—a lovely white one with a red and green star pattern was just $200 while one featuring huge red strawberries with green leaves and borders was $350. Go there, too, for old jewellery, silk scarves (for men) at $18 and beautifully starched and laundered cotton farmer's shirts for $50.

Joel Kopp of America Hurrah Antiques, with some of his antique patchwork quilts.

Cameras

THE HEAVILY disconnted prices at the Manhattan branches of 47th Street Photo are hard to beat. As a rough guide, take the best price you can find in London in pounds and read dollars for the 47th St deal. It's a saving of at least a third, and often much more, at present exchange rates.

As well as the best prices, it often has the latest, soonest. 47th Street Photo's massive market share $100m turnover in 1985—means that it is dealing in, and discounting, new products just as soon as Nikon, Minolta or Canon announce them in Tokyo.

Not surprisingly, all four stores are popular, and a visit to any one of the seedy showrooms—each one floor above street level—means standing in line. The customer ahead of me at the counter was spending $6,000—at a rough calculation, making enough of a saving to finance a trip to Europe. In the end, I spent $50 and some cents.

If you know exactly what you want, can wait up to three weeks, and have an address outside New York State, you can order by mail and save the state sales tax. Payment can be made using American Express, Visa, and MasterCard (Access) credit cards.

A full range of other consumer durables, from microwriters to wristwatches and radio telephones, is also sold. Some are compatible with European electrical sytems and some not, so check carefully before you buy.

Glyn Genin

FOR the Brooks Brothers customer—nothing alarming, excellent value and dependable classics. If you can't make it to the shops send for a catalogue to Brooks Brothers, 350 Campus Plaza, PO Box 4016, Edison, New Jersey, 08818-4016.

Menswear

MANHATTAN IS a surprisingly good place to buy men's clothing—perticulerly easual, sports and yuppiewear.

A good place to start is Brooks Brothers at 346 Madison Avenue (those over-worked businessmen who are stuck downtown on Wall Street can go to the small branch in Church Street behind the World Trade Centre). Don't expect anything trendy—it's not what Brooks Brothers stands for. Customers there are looking for comforting clothes that never shock or surprise—and that is what they get.

One of the company's main virtues is that it carries an extensive range of sizes so that you can be fitted almost as well as if you were buying made-to-measure. Another is its excellent sales staff, who never hustle you and dispense advice without sounding patronising.

Prices are reasonable, particularly for lightweight summer suits in poplin, cotton seersucker and cord. At present, you can huy an off-the-peg washeble poplin suit in tan, olive or navy for $175, or a striped seersucker for $200 (plus sales tax and a small refitting charge, if necessary).

There is a wide range of blazers, jackets, trousers, shoes and shirts—plus some very good sportswear including long-sleeved lightweight cotton crew-neck sweaters knitted in the US that cost $37.50. More flamboyantly, a pair of Brooks English white suede oxfords with red rubber soles cost $148.

Almost next door, at Madison and 45th Street, is Paul Stuart; and the word is that these days the partners in the Wall Street firms prefer it to Brooks Brothers—its style is said to be just a little more original, offering more of a nod in the direction of modern trends.

The present summer range, for example, includes a double-breasted glen plaid linen suit tailored in Canada, with a centre vent and pleated trousers, for $594. This is for regulars, talls end semi-talls only, so go alsewhere if you are short.

Just es impressive is a double-breasted jacket of Italian linen in a broken herringbone, with three open petch pockets and no vent, that costs $245. Again, it is for regulars and talls only.

Don't forget the department stores, which cater exceedingly well for men. For the British man, the chief booty to bring home is the leisurewear (so much more choice and so much better done than in the UK) and the good range of lightweight summer shirts and suits.

I was particularly impressed with the men's department ton the ground floor) at Saks 5th Avenue and, if you can make it that far downtown, at Barney's. Bergdorf Goodman seems to purvey more of a European style, selling the sort of things (like Turnbull and Asser shirts and Charvet ties) that you can buy just as well back home.

Aerobics

AFTER RADICAL chic, let me introduce you to deprivation chic. The more lightly you eat, the more you work out your body, the leaner and hungrier the outline, the more likely you are to feel you have joined the New York elite.

It may take some time for this strange new culture to make itself felt but my guess is that if you are subject to New York *mores* for more than a few days, come it will. Erstwhile self-confessedly slobbish journalists, given to late rising and large lunches, find themselves curiously bent on early mornings, donning jogging shoes and seeking out handy swimming pools.

If you are already addicted you can book into a hotel with everything built in to make it easy—the Vista International, in the World Trade Centre, for instance, boasts a full-scale health club on its top floor with swimming pool, aerobics classes, Nautilus equipment, resident doctors and instructors to make sure it is all professionally handled. The first class starts at early as 6.45 am and just to make people like me feel guilty I'm told that several of its most frequent attenders live an hour and a half's commuting distance away.

If you feel like joining an aerobics class, possibly just to compare how they do it with methods back home (the answer is, usually, much more professionally and much, much more seriously) then try Body Design by Gilda.

There are three studios, two on the East side, one on the West and visitors can go just once to try it out or every day they are in New York—you don't have to buy an annual membership to join in. The studios are at 139 East 57th Street (759.7966), 187 East 79th Street (737.8440) and 65 West 70th (799.8540).

Jewellery

WHAT better souvenir to bring back than a wacky brooch from Mishon, Mishon?

IF IT'S antique jewellery you're after, on the whole I think you'd do better and certainly find lower prices, over here. A few exceptions seem to be Saity Jewellery, in the new, amazing (and to my mind, very vulgar) Trump Tower. Salty sells what seems like reel museum-quality American Indian jewellery — lots of it very beautiful. Zuni and Navajo, plenty of silver end turquoise and as it is a truly indigenous art form, difficult to find here. Besides the real antique pieces, which are very expensive, Navajo Indians are today still making jewellery, belts, necklaces, rings and bracelets to the old design and these are curiously less beautiful (I can think of no rational reason why they should be) but they are much cheaper.

Tiffany, at 5th Avenue and 57th Street, looks very grand and imposing (indeed, it is grand and imposing). But venture inside, gaze at the largest diamond in the world, take the lift upstairs where you will find some surprisingly affordable little numbers.

Acrobat, 265 Columbus Avenue, between 72nd and 73rd Street, had one of the most seductive collection of '20s, '30s and '40s jewellery I've seen. Here I bought ravishing earrings at $60 and a big, bold brooch for $20.

Mishon, Mishon has two branches, one at 140 East 59 Street (across from Bloomingdale's) and one at 410 Columbus Avenue (between 79th and 80th). A good place to see what avant-garde jewellery design is all about. Wendy Gell does wild, wild sunglasses, Roxanne Assontin does gorgeous headed work.

Artwear, 409 Broadway, in SoHo, is probably the foremost gallery for modern jewellery in New York. Young, innovative designers of immense skill display their wares. The prices will seem scarcely credible, but you've got to believe that one of them may be a future Faberge.

If you are in need of a watch, one of the Tiffany designs are among the most elegant in the world (the one sketched above here is in 14-carat gold, has a clean, stylish face, a black leather strap and sells for $750).

Bargains

SUNDAY is the day for bargains — and for a great New York experience. Head for the Lower East Side — this is the old Jewish immigrant area of New York and it still has a wonderfully rich and exotic flavour.

Make for Orchard Street—almost every shop is extremely unattractive aesthetically but do not be put off. If a bargain is what you're after you must be prepared to do without the niceties.

Here the racks are often so full you have to push the hangers apart to see what they hold, your bags will probably have to be checked at the door and a bossy Jewish matron will almost frisk you as you leave the fitting-room.

Almost every shop in Orchard Street offers clothes for men, women and children at a discount. You just have to keep looking for whatever it is you're after. At Formans I found a Calvin Klein linen suit with the jacket reduced from $249 to $120. Formans that day seemed to be specialising in Calvin Klein reductions but nothing is certain as stock varies according to season and availability.

Men's polo-shirts seemed a good buy (masses of different colours all at $12 apiece) as did linen suits and chinos (the all-American cotton trousers).

Look, to for bedlinens, sheets and towels, all available at a discount, and if you still have stamina to spare you could kit yourself with luggage, designer handbags and china and glass to boot.

When you're too tired to do much more, enjoy a good kosher meal in one of the truly local restaurants that are on almost every corner—Ratners on Delancey Street is the Sunday Lower Orchard Street experience but if that is full, almost any of the others will provide some authentic delights. Go for cream cheese blintzes, lox, sour cream and bagels, potato pancakes — if it's too much to handle they'll give you a doggie-bag to take the rest home.

Homewares

ONE OF THE prettiest shops I've seen for a long time is Wolfman, Gold & Good Company's two branches, both specialising in anything and everything for the kitchen and the dining table. There are two branches, one down in SoHo at 484 Broome Street and another on the East side at 142 East 73rd Street, and both purvey exceptional taste and style — cool, charming interiors filled with great shelves of white china, big chef's dishes, plain bowls and just enough truly ravishing decorative items to prevent the whole thing looking sterile. They sell the prettiest wrapping-paper in the world, some marvellous Victorian-style cut-outs of flowers and fruit as well as chintzy linen to give a lift to all that white china.

Delis

THE NEW YORK deli is an institution and there is one on almost every corner. Newest improvers of the New York eating scene are the Koreans whose keenness to succeed and carve a niche for themselves, means that no matter where they live Manhattanites, can buy almost anything even their spoiled taste buds require, 24 hours a day.

Delis to visit are Zabar's at 2245 Broadway (near 80th Street, way up on the West Side)—besides traditional deli fare it has the most marvellous floor selling kitchenware of every conceivable kind. Also take in Balducci's, 422 6th Avenue, probably Zabar's nearest rival, and another source of food fresh or ready-prepared.

If you're in SoHo go to Dean and DeLuca and quietly drool over the baskets of freshly baked bread, the vast varieties of cheeses, the aroma of fresh coffee, the herbs, the honeys,

Art Galleries

Legal Notices

BOOKS

New Glitz Street

A LEADING New York literary agent, George Borchardt, who represents a number of English writers as well as American, spoke to me when I was there recently of "an amazing interest in the mid-list." The mid-list is what people in the trade call those authors whom they are proud to publish but find difficult to sell in vast quantities.

Great is their rejoicing when a mid-list author starts to move up into higher ground and shows signs of turning into a national best-seller and, ultimately, a transatlantic superstar. You can watch this happening currently to Garrison Keillor, author of Lake Woebegon Days.

Well, one can explain that easily enough: Americans everywhere can readily identify with those in Minnesota and are, anyway, all obsessed by their origins and past, in folksy tales of which the book abounds. However, the Woebegon success story does not stop there; the sequel is its success and runaway sales in Britain where it was published earlier this year by Faber. We have in Keillor an author of the kind every publisher desires, one for whom the mid-list is a mere springboard, who commands equal or near-equal pulling-power on both sides of the Atlantic.

Nor, happily, is Keillor's case an isolated one. You can watch the same process happening in America to several of our own British mid-listers. Graham Swift is a case in point. His novel Waterland is enjoying a similar success there as Woebegon here. Once again we have a book rooted in rural locality, the English fenlands this time, saturated with local tradition, burrowing back through several centuries of parish history, turning into something that appeals alike to American and British readers.

For both these writers the process has been sudden. It is more usual for it to take time and patient cultivation on the part of an American publisher. "Reputations are built on your side," I was told by Roger Straus of Farrer, Straus and Giroux, "and then gradually they bear fruit here." He quoted William Trevor arriving at his present peak in America via several books and stories in the New Yorker. Straus hopes to achieve as wide an audience for Edna O'Brien and is bringing her over to New York to give some lectures.

Anthony Curtis examines the buoyancy of the mid-list publisher

It is a chancey and wholly unpredictable business. Sometimes an author makes an appeal precisely because of the essentially parochial nature of the work. The runaway success in the US of the novels of Barbara Pym even now defies a complete explanation; half a dozen other British women novelists equally good and equally well reviewed simply fail to take off. Likewise there are certain American novelists whose British reputation fails to measure up to their native one. Malamud, Styron, even Roth post - Portnoy: whereas Bellow is recognised as "big" on both sides. "Isaac Singer took years to establish in the UK both pre-Nobel and post-Nobel prize" said Straus. With some authors, their American readership becomes so loyal that the country of origin ceases to matter: Thomas Keneally is in that league and so is Le Carré whose A Perfect Spy has only recently ceded its place right at the top of the best-sellers list to novels by Judith Krantz and Louis L'Amour.

Turning to non-fiction the American appetite for English biography and memoirs continues. Ziegler's Mountbatten and Colville's wartime diaries, both did well in hardback. New Yorkers are gobbling up the Duchess of Windsor's love-letters with the same avidity as British readers' and they are fascinated by John Pearson's account of how the royal show was got back on the road after the Abdication and its present glowing image forged and sustained.

I noticed too that the piles of Hugo Vickers' life of Cecil Beaton in the posh New York bookstores were going down while I was there. Americans are just as susceptible to snobbery as we are but they are also interested in the lives of their own national figures. I doubt if Margaret Truman's life of her mother Bess (a revealing book) will receive anything like the attention in the UK it has in the US nor the forthcoming memoirs of Tip O'Neill, speaker of the House of Representatives.

If the mid-list remains bouyant and the general list market firm on the whole, truly sensational literary news is scarce. Hemingway's posthumous novel The Garden of Eden where a writer and his wife have affairs with the same woman during their honeymoon, has made a hit of a splash, coinciding with Jeffrey Meyer's new biography. Even from beyond the grave Ernest never ceases to amaze.

But what of the living scribes, what have they been up to? You can always find a blazing row in the literary world if you scratch the surface hard enough. The best I can do is the one still fizzling on between Gore Vidal and Norman Podhoretz, editor of Commentary, the influential right-wing Jewish quarterly magazine. It all began last March in the columns of the Nation where Vidal launched a vicious personal attack on Podhoretz and his wife Midge Decter, also a writer. The attack was seriously intended, presumably, but laced with Nanny-like phrases of the "Poddy is a silly-billy" variety.

Vidal's argument was, briefly, as follows: "for America to survive economically in the coming Sino-Japanese world, an alliance with the Soviet Union is a necessity." Podhoretz's failure to greet this proposition with whoops of delighted affirmation is, Vidal alleges, evidence of an anti-Russian stance prompted not by concern for the security of America but "to frighten the American people into spending enormous sums for 'defense' which also means the support of Israel in its never-ending wars against just about everyone."

Accusations of anti-semitism on Vidal's part have been made by Podhoretz ("the most blatantly anti-Semitic utterance to have appeared in any respectable American periodical in decades"), predictably followed by the familiar retort that one one can attack Israel without being anti-semitic. The roots of the quarrel seem to go way back to something much more personal when Podhoretz was present at the performance of a play about the Civil War written by Vidal. "To me," Podhoretz said, "the Civil War is as remote as the Wars of the Roses" — a mark which so painfully recalled shows the enormous divisions which lie below the surface of the American mind.

A fresher insight into the subsoil of the American literary world may be gained from a novel, Hot Properties by Rafael Yglesias, which has just appeared. The whole literary circus of editors, agents, journalists, wives, girlfriends and the complex power and sex games they play is exposed. It is not so much New Grub Street as New Glitz Street and just as soul-destroying as Gissing's London. Here are the mid-listers caught unawares in sharp close-up, a funny and frightful spectacle.

Cambodian daughter

SPIRIT OF SURVIVAL
by Gail Sheehy. Morrow. $17.95, 400 pages

GAIL SHEEHY is a New York based journalist who wrote a very successful book called Passages which examined women, and herself in particular, suffering from mid-life crises. The New York background is important because she fits into that group, or perhaps even spearheads that group of female writers who make a virtue of being subjective. The personal, in their view, is the strongest starting-point for any piece of writing. This attitude, growing in England, is especially relevant when reading Ms Sheehy's new book.

In brief, it is the story of her love for a twelve-year-old Cambodian girl, a refugee from Pol Pot's regime whom she adopts and brings to New York. Through the childish eyes of Mohm, as the girl is called (not to be confused with Mom as she calls Mrs Sheehy) we learn more about the atrocities inflicted on Cambodia for five terrifying years. But we also learn, for the story runs parallel and is made to seem no less important, the story of the divorced Gail Sheehy's personal problems, her long-time but unsatisfactory love-affair and the difficulties of her relationship with her own teenage daughter.

Mohm, in this context, is cast as the fairy godmother who waves the wand of healing love leading to, as in all good fairy stories, the sound of wedding-bells for Ms Sheehy and, one is led to presume, happiness ever after.

Unfortunately, while one can hardly balp but be deeply moved by Mohm's Cambodian story, as parents and siblings die or disappear in horrific circumstances (even though Ms Sheehy has written it in the kind of pidgin English Mohm used in her first year in New York) the effect is undermined by descriptions of Gail's soulful staring over Central Park. How, one cannot help feeling, is that relevant to the Cambodian tragedy? Or even Mohm's tragedy? Is it not, indeed, some kind of insult to the depth of her country's suffering?

Nevertheless Ms Sheehy is a brave woman who took into her home a young girl who otherwise would most probably still be sitting in a camp on the Thailand border—if not worse. She took immense trouble to find the most caring school for her, which turned out to be Quaker-run. She coped with her dislocation and occasional sense of despair. She watched her own daughter reacting angrily to what she perceived, not without reason, as a rival or even substitute in the nest. In return she reports on a healthy, beautiful, intelligent, well-mannered second daughter who brought compliments from all who met her.

Early on Gail Sheehy noted that Mohm must be a survivor, a middle-class girl of six turned out from her comfortable city home, who yet managed to survive unbelievable mental and physical pain. Properly, survival has become the theme of this book. Mohm told her that during the worst time when she was living in camps and working in the fields all day, she lived side by side with the same children for two years without making a friend. All emotion was dangerous, all attachment forbidden. The only thing which remained was laughter which even Pol Pot did not or could not forbid. Tears were absolutely out of the question.

Perhaps when Mohm is older she will write her own story and complete the job that Gail Sheehy's autobiographical approach sometimes blurs into an unfortunate kind of sentimentality. Nevertheless the book is immensely readable, often shocking and always thought-provoking.

Rachel Billington

U.S. Fiction

TRANSACTIONS IN A FOREIGN CURRENCY
by Deborah Eisenberg. Faber, £9.95. 214 pages

THE UPPER ROOM
by Mary Monroe. Allison & Busby, £9.95. 309 pages

LOVERS
by Norma Klein. Piatkus, £10.95. 372 pages

RACECOURSE
by Michael French. Century, £10.95. 310 pages

THE HAUNTED HOUSE
by Rebecca Brown. Picador, £5.95. 139 pages

Deborah Eisenberg: "whip-smart dialogue"

Men and the doomed self

Nicholas Best

THE EXCEPTIONS of course are notorious, but by and large it is only the better sort of American novel that is allowed to cross the Atlantic, a glossy, slick, finely honed product, full of life and colour, which makes the English equivalent seem thoroughly insipid by comparison. A false perception admittedly, because the English at their best are perfectly capable of holding their own, but one that contains a certain amount of truth at the moment, when fiction this side of the water is going through a decidedly rocky patch.

So a warm welcome then to Deborah Eisenberg, not actually an American novelist so much as the author of a first collection of seven short stories. Transactions in a Foreign Currency, the best of which—judiciously placed at the beginning—displays a great gift for characterisation, for whip-smart dialogue of the kind New Yorkers do so well. Breathless, shallow people are her speciality—drifters, drug-users, boutique-owners, casual adulterers—all spinning hopelessly, adrift in the city, tossing this way and that according to whatever's happening, wherever it's at. She sums them up firmly, yet with the lightest of touches. A few deft strokes is all she needs to give us the complete picture.

All the stories are in the first person, and almost all, one way or another, are about doomed relationships with men. On this showing at least, it might appear that she has only one string to her bow, which would be a pity. Within the limits she has set herself, she is on the road to being as good as they come.

The same, one suspects, is broadly true of Mary Monroe, Alabama-born, whose first novel The Upper Room threatens at first glance to tell us everything we never wanted to know about growing up black and poor in cotton-picking country, but in reality does nothing of the sort. It is a delightful story, the life and disgraceful times of Mama Ruby, a great fat reprobate, black and poor all right, but not in the least sorry for herself, or for anyone else either.

From her early days in the brothel, via a husband shot dead and a pair of tax inspectors quietly interred in the bayou, she appropriates the apparently stillborn daughter of her best friend and raises her in the upper room of a Florida shack, where they know what is good for them. Ruby is a cheerful soul, God-fearing and devout, who thinks nothing of pulling a man's tongue out of his head, or his arm from his socket. She carries a knife inside her cleavage, next to the crucifix, and knows what to do with it.

A marvellous character, wonderfully bizarre, as outrageous as she is appealing. Quite whether the Florida swamps are inhabited by such people is open to doubt, but if they don't exist, Mary Monroe makes it clear that they ought to. There is plenty wrong with The Upper Room as a novel. It is rough, raw, crude, inefficiently paced, erratically put together. But it is also supremely rich in language and blessed with a genuine originality which transcends its other failings and reduces them to insignificance.

All of which makes Norma Klein's Lovers seem a little tame. Unfairly perhaps, because it is the better written book — very well written, in fact — yet with nothing of any great interest to say. The title gets to the heart of the matter. Two couples, Jewish New Yorkers, form an adulterous liaison and discover thereafter that life has become complicated. A traditional theme, competently handled. The only possible ground for complaint is that one has read it a thousand times before.

Michael French's Racecourse opens with the hijacking of a [illegible] and continues in fine style via the All-American Quarter Horse Futurity, a $2.5m extravaganza which Texas rancher Meredith Kingsley must win at all cost. So must Dallas property king Austin Mirabeau. Throw in oil heir Billy Sullivan, smooth Arab Zaliaq Al-Khalifa, a fading Hollywood film star, a beautiful investigative reporter, a homosexual scandal in the state senate, sundry other dirty dealings, and you have the makings of a rip-roaring novel in the old style. We're talking Lear jets here, and men in $2,000 lizard-skin boots. Michael French can't write for nuts, but his eye is obviously on the TV potential — and given the state of the American networks, he may well be lucky.

Rebecca Brown's first novel The Haunted House has just been featured in the Feminist Book Fortnight Promotion, which is not necessarily a reason for giving it a miss. It is divided into three parts, dealing respectively with the narrator's drunken father, a US Air Force pilot reduced to inadequacy in the wider world; her mother, who becomes a movie star late in life and tries thereafter to deny her previous existence; her lesbian lover, who attempts to give her the secure home she never had in childhood, but ends up watching it fall apart physically before their eyes. A weird book, well enough written, yet ultimately a little difficult to [illegible]

Bay Area ballad

THE GOLDEN GATE
by Vikram Seth
Faber and Faber, £9.95, 351 pages

WHEN, in 1823, Aleksandr Pushkin wrote his poem Eugene Onegin he subtitled it 'a novel in verse.' Although fired by the example of Don Juan, Pushkin did not follow Byron in his use of the traditional ten-syllabled line of English verse: the iambic pentameter and invented a sonnet-like stanza of 14 lines rhyming ababccddeffegg.

In the twentieth century a young Calcutta-born Indian living in California also sat down to write a novel in verse, using Pushkin's well-tried stanza form—a fact which he does not mention in his Acknowledgements or Dedication but expatiates on in his fifth chapter. He was inspired, he says, by Sir Charles Johnston's 'luminius translation' of Eugene Onegin which reproduces in English the style of the original.

The setting of The Golden Gate is the San Francisco 'Bay Area' and the book begins and ends with John Brown, good-looking, master of electronic circuits, non-smoker and eclectic reader, yet lonely and unsatisfied. His former mistress, sculptor and jazz-drummer Jan Hayakawa, puts an advertisement in the Bay Guardian on behalf of a "Young, handsome yuppie, 26" and sends the replies to John who, after several false starts, begins an affair with Liz Dorati, attorney-at-law and daughter of a wine-making family.

The sub-plot concerns Phil Weiss, John's balding, bespectacled 'peacenik' friend whose wife, Claire, has left him for a 'snooty, tweedy, son-of-an-East-Coast bitch.' Phil, who is 28, has a six year old son, Paul. Phil and Paul meet John and Liz at a concert where Liz's sister Sue is playing Schonberg. Phil is invited to a house-warming party where he meets Liz's brother Ed, gets drunk and is offered a bed—in which Ed ends up as well.

All the ingredients are here for an intellectual soap. Seth cannot be faulted in his references. He has absorbed the Bay Area's fashionable fads and allusions with the ease of a precocious child ("topical" discussions of homosexuality versus heterosexuality, the Russian system compared with the American, the right books — "the two Tintins: I wish someone would write a sonnet about them"). And all is done in impeccable tetrameters which, unlike those of Johnston's "luminous" translation, preserve like clockwork their iambic stress.

Geoffrey Moore

Where modernism first lit up

A CONCRETE ATLANTIS: U.S. BUILDING AND EUROPEAN MODERN ARCHITECTURE 1900-1925
by Reyner Banham. MIT Press $25.00, or £16.50, 266 pages

IN THE late 1950s and throughout the 1960s Reyner Banham was a sparkling commentator in England on the passing achitectural show. Like so many opinion formers of that period Banham was in love with the USA. It was inevitable that he would leave Britain and domicile himself and his family there. This he did in the 1970s, and found himself working at the State University of New York at Buffalo.

In essence, Banham's latest thesis sets out to demonstrate that many of the ideas of the pioneers of the International Modern Style derived directly from the imagery of very early twentieth century American industrial plant. This was the "concrete Atlantis," created by American engineers and seen in photographs and in reality by architects like Erich Mendelsohn, Walter Gropius.

Mendelsohn is a particularly key figure for Banham and for his thesis. There are several important connections. They both realised the importance of what they saw in Buffalo. Mendelsohn visited America for the first time in 1924. He had a privileged visit staying with Frank Lloyd Wright and together they enjoyed the mechanised environment of the Futurist dream.

The intriguing thing about this book is that it is in many ways a re-living of the pioneering days of modern form-making, seen by an exiled Norfolk-born Englishman living in America, wearing the spectacles of the European creators of international modern architecture. Banham is thus able to demonstrate clearly that the true origins of modern architecture lie in two relatively unexplored American building-types, the daylight-factory and the grain-elevator.

Banham is not the first to appreciate the importance of these two sorts of industrial building, but he is the only critic to sense that the seeds of modernism lie, not in some inner drives toward the abstract, but in concrete (literally) examples of American industrial engineering. This book goes a long way towards an explanation of the state of mind of those architects who saw these industrial icons, both as inspiring shapes and as forms that seemed to embody the elemental truths of architecture itself.

The daylight-factory is easily recognisable, usually some six storeys high with an exposed concrete frame filled in with transparent glazing. Banham describes them as "having their bones on public display."

Grain-elevators are infinitely more photogenic than factories, marching ranks of concrete cylinders inspire comparisons with the Valley of the Kings or the monumental grandeurs of Karnak.

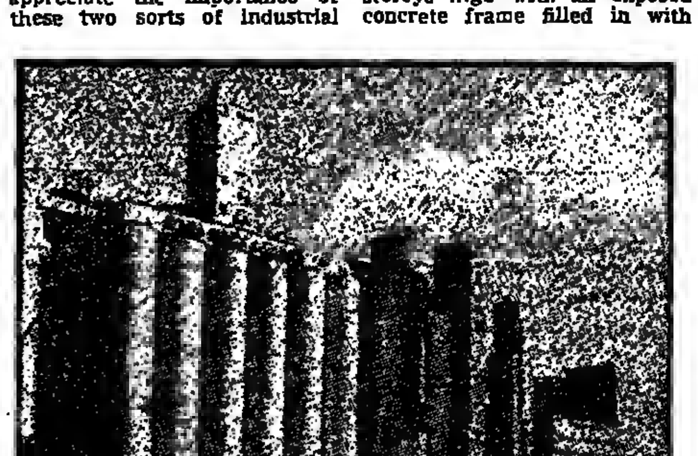
For Banham his intrepid exploration of the abandoned Concrete Central elevators in Buffalo was not unlike the discovery of ancient Rome by the early Christians. He felt that sense of a double vision; of something ancient and therefore to be respected and also something imbued with a body of later meanings imposed upon it by a more recent group of discoverers.

This vision of a concrete Atlantis is one thing. The reality of its European modernist revival is quite another. In the final chapter of this book Modernism and Americanism are brought together at the Fagus factory at Alfeld an der Leine in North West Germany by Edouard Werner and Walter Gropius (begun 1911).

The subtle and detailed analysis here is sometimes hard to follow. Much of the myth of modernism still seems to depend upon a sense of European zeitgeist as much as upon direct quotations from American sources.

This fascinating book is really a reappraisal of the misunderstood origins of the Modern Movement in architecture.

Colin Amery



General Mills Elevator complex in Buffalo. It is one of the buildings, dating from c.1910, Reyner Banham thinks influenced both Gropins and Mendelsohn

Prophets honoured most back home

THE WALL STREET GURUS
by Peter Brimelow. Random House, $19.95. 238 pages

A MILLION or more Americans regularly subscribe to them. The editorial policy is often of the hard right variety, and combines a contempt for the competition and the establishment with the kind of excited self-righteousness often shown by an early Christian shortly before being eaten by a lion. Many of these publications also take the view that accuracy is less important than action: they must predict the future, frequently and confidently, or perish.

Investment letters and their writers are a very American phenomenon. It is true that they appear in other countries, sprouting up like desert flowers after a rainstorm when the public is in a share-buying mood. But nowhere is the volume and variety so great as it is in America, and nowhere else does the trade attract such a blend of showmanship, snake-oil, and sheer common sense.

There is poor Joe Granville, for instance, who achieved genuine super-star status on the strength of his bearish forecasts [illegible] ment "seminars" were rather special, featuring a tame chimpanzee named after a well-known financial columnist, and an iguana called Greenspan, after the former chairman of the President's Council of Economic Advisers. Granville remained a super-bear right through the great bull market which started in 1982 — and now lives in Kansas City.

Then there is Jim Dines, who once urged his readers to hold on to their gold stock all the way down to zero, if necessary. He put out his "Much Vaunted All Out One and Only Gold and Silver Sell Signal" (MVAOOAOGASSS) very late in the day in 1982, but has since been successfully born again with a high-risk, hyper-active approach to the equity market.

Another well-known character takes a different approach. "Every morning I say to the market, 'Howya doing, Market?'" explains letter writer Richard J. Fabian. "And the market tells me. It says, 'Flat.' Or, 'Up ten points — feeling good.'"

In an entertaining book on this sub-culture, Peter Brimelow argues that the success of the letter-writers can be directly explained by the American enterprising population that believes strongly in the value of self-help and the possibility of self-advancement, and is distinctly unimpressed by the East Coast financial and social establishments. The same uncritical beliefs that leads to degree courses in McDonald's Hamburger University sends droves of Americans to attend expensive investment conferences, where they are actually to be seen taking notes, and to subscribe to the writings of the gurus who address them.

"It doesn't work in Britain," says Harry Schultz, a letter-writer who has been around long enough to know. "They're all too conceited to be taught anything."

The British tend to believe that finance is something that should not be discussed in public, and that it is best left in the hands of a select, dignified and discreet priesthood, rather like a group of upper-class undertakers. It is probably not a coincidence that expatriate Americans figure prominently among Britain's little band of investment letter-writers: they are allowed to be different.

Many letter-writers, almost of the time. Although the trade demands a prose style that enables predictions to be reinterpreted in a radical fashion, such advice tends to provide comfort to a reader, rather than practical help. If you shell out $200 for an annual subscription and still lose money, at least you are in good company.

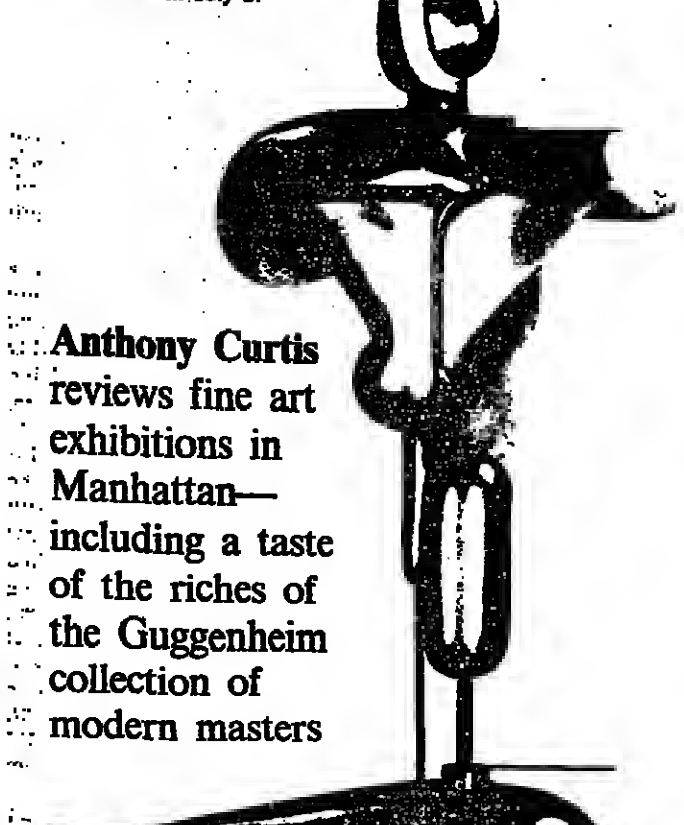
But to the annoyance of those academics who believe that no one can consistently beat the system in an efficient marketplace, it does seem that some tipsters can consistently do better than the averages over a long period. The winners described in this book have very little in common, except perhaps age, experience, the willingness to look for small gains compounded over a long period, and a capacity for open-mindedness.

The underlying premise, says Brimelow, is that if you want truffles, you hire a truffle-hound. You do not forget that it can bite, that it might have fleas and may not be house-broken. You keep it in a kennel and on a leash. You just require that it finds truffles.

And a few of the investment letters can do just that.

Richard Lambert

Abstract Figure, 1961, by Oskar Schlemmer, at the IBM Gallery of Science and Art until July 5.



Anthony Curtis reviews fine art exhibitions in Manhattan— including a taste of the riches of the Guggenheim collection of modern masters

Fifth Avenue eye-openers

AT ANY GIVEN time the Guggenheim Museum only has space to display about 3 per cent of its permanent collection. No wonder it is campaigning to expand on its present site on Fifth Avenue. But in addition to showing its permanent collection it also houses temporary exhibitions of work by modern artists and neglected aspects of the modern movement in art. Currently the museum is devoting the *main* wall *space* up the spiralling ramp to the work of the Italian artist Enzo Cucchi (born 1950).

Cucchi, who comes from the Marches region, goes in for vast canvases suitable for museum or institutional hanging rather than the private drawing-room. His primary colours sing and echo across the vast spaces of the museum; the thickly impastoed surfaces contain realistic motifs deriving from his own region but set in an apocalyptic, global landscape. In Vitebsk-Harar, for instance, a work in oil and polyurethane, a grand piano stands on a devastated landscape by itself, half-devoured by flame and overhung by a sinister mushroom cloud. This arresting artist has clearly learnt from both Italian futurism and the work of modern American masters such as Rothko, Kline and De Kooning.

At the same time in a side gallery the Museum has mounted a mixed show of German Realist Drawings of the 1920s. This exhibition, which comes as something of an eye-opener, contains over 100 drawings by a diverse collection of artists, some of whom like George Groz and Otto Dix will already be known to the non-expert visitor but the majority of whom, equally gifted, will not.

Apart from these temporary exhibitions, there is an exhibition from the Guggenheim Collection of modern sculpture, entitled By the Muse Inspired. Its centrepiece is Brancusi's The Muse, a work which after many adventures is now safely back in the Museum and is one of remarkable *beauty*, both utterly simple in its symmetry and yet wholly individual. To celebrate its return to public view a small but exquisite exhibition has been arranged of sculpture by modern masters whose work has some kinship with it, including major works by Arp, Calder, Giacometti, Lipchitz, Moore and others, as well as five more rarely seen works by Brancusi.

The IBM Gallery of Science and Art (on Madison Avenue at 56th Street) is currently showing a comprehensive exhibition, originally assembled at the Museum of Art in Baltimore, of the work of the Bauhaus artist Oskar Schlemmer. He has hitherto been somewhat neglected by comparison with his contemporaries. The exhibition containing portraits, reliefs, abstract and figurative works reveals just how considerable and varied was Schlemmer's output. He was for a time director of the theatrical spectacle of the Bauhaus and is remembered in this role for his Triadic Ballet. His costumes designs for this extraordinary work have been reconstructed life-size and there is a video screen showing the ballet being danced.

Radio

For drivers only

AMERICAN radio needs closer observation than ours. Mainly it is for hearing in the car; if you are at home, why not television? But there will be a set in your hotel bedroom, whence a plethora of channels can discharge pop, sport and/or advertising. Your paper is unlikely to give you more than "highlights," but trial and error can find programmes of at least momentary interest—true crime stories, tales from the FBI, drama of a kind, never over half an hour long. The public service channels are generous with classical music.

On British radio—even without the amiable *Alistair Cooke*, painting the American scene or playing his jazz records (dedicated this week to the memory of Philip Larkin)—the US crops up pretty often, but seldom in an American way. On Radio 3 on Sunday, the excellent *New Premises* kicked off in New York this week, interviewing the art critic Tom McEverly (if I have that name right) at the corner of East 2nd Street and Avenue B. It would take another page to register the content of his thoughts, which concerned "the enormous transition from modernism to post-modernism" that engulfs the art world on East 2nd Street today. As the presenter, Stephen Games said, his concepts would baffle philosophers, let alone art students.

The Monday Play on Radio 4 was set in America too, in Pottsville, Pennsylvania. *Land Rovers*, by Antoine O Flatharta, told of Brendan, an Irish 19-year-old, visiting the home of his cousin David, who used to send him Superman comics until his early death.

There is a sense of strain at his cousin's home, and we learn that David killed himself in a deliberate car accident. We are not told why, but there is a significant reference to Superman's departure from the planet Krypton, bound for an unknown planet: can we match Superman with David? Not with Brendan, anyway; as the author draws him, and as Stephen Brennan plays him, he is a dull boy who never says "please" or "thank you," in spite of the generous attention of David's mother (smashing performance by Margaret Robertson). There must be a core to this play that I never reached. Robert Cooper directed.

A Better Class of Writer (Radio 3, Thursday) examined the American phenomenon of teaching creative writing rather than English Literature. Graham Fawcett spoke with half-a-dozen teachers who run writing workshops, and, interesting though it was, it was disappointing to me because there was too little information about how to teach prose, let alone poetry.

Sandy McClatchy made a good point in his plea for precision, for learning the true meaning of words. But it was from Doris Grumbach that we heard the only item of truly practical advice—to go easy on the semi-colons.

East Anglia is the only British university teaching creative writing. There, Malcolm Bradbury, who teaches history rather than writing, has invented a new style of punctuation, which seems to me the most likely kind of thing to emerge from round tables of students discussing one another's work. If anyone would like to take me on as a creative writing teecher I would start with two points. For prose, begin by learning how to write Latin as well as Julius Caesar. For poetry, never read a poem in the *New Yorker*.

B. A. Young

Andrew Porter surveys the new music scene in New York—and finds it wanting

Adherence to old standards

MUSICALLY, New York is a backwater. Or, perhaps, a large, stagnant pool. Stagnant pools are often dense, clotted with life, but self-perpetuating life, unswept by sweet, fresh currents, by new waves, or by vigorous intruders who leave their mark on the environment. Do I exaggerate? Well, yes, to some extent, else I wouldn't stay here. When there is so much going on — probably as many concerts each night as there are in London — it is *always possible to find some* corner where new life is stirring, but it's depressing to take a general view, and reflect that nothing like the Almeida Festival, the Proms, the London Sinfonietta, Radio 3, the South Bank Festival, the English National Opera, or the Fires of London could survive in New York's commercial music market.

The Metropolitan Opera, Virgil Thomson wrote in 1952, "is not a part of New York's intellectual life." Nor is it one today. The last time the Met put on a new opera was in 1967, nearly 20 years ago: It was Marvin David Levy's *Mourning Becomes Electra*. The only recent opera it has staged—the year after its Aldeburgh premiere — was *Death in Venice*, 12 years ago; and it has not been revived. So far as the Met is concerned, Tippett, Henze, Ligeti, Stockhausen, Maxwell Davies, Birtwistle or John Eaton, compose in vain. None of Thomson's operas has been tackled and none of Roger Session's.

The New York City Opera has a better record, but in recent years not much better. Last season it did Dominick Argento's *Casanova*—a rather cheap, unambitious work, tailored (as Argento's *Postcard from Morocco*, *The Voyage of Edgar Allen Poe*, and *Miss Havisham's Fire* were not) for easy success with an undemanding public. For next season it has announced Anthony Braxton's *Malcolm X*, and that should be exciting. But the first ten weeks of the 20-week season which opens on July 1 include only six weeks of opera.

Orchestrally, things are little better. New York has not five full-time symphony orchestras but only one, the New York Philharmonic, chief conductor Zubin Mehta, which plays each programme four times. Lip service is paid to contemporary music, usually to small avail before a Philharmonic audience that tends to begin stomping out in protest when confronted with anything as "advanced" as Zemlinsky's Lyric Symphony or Schoenberg's Piano Concerto. So short "token" pieces tend to be *chosen. The Philharmonic* plays in Avery Fisher Hall, which — like the other main houses of the Lincoln Center, the Metropolitan and the New York State Theatre, home of the City Opera — is a large bleak, ugly, unwelcoming place, not designed to be conducive to enjoyment.

Carnegie Hall, which almost fell to the developers' ball when Lincoln Center was built, but was rescued, houses New York's orchestral splendour: a constant parade of the world's leading orchestras. Here the big-league Boston Symphony (Ozawa), Philadelphia Orchestra (Muti), Chicago Symphony (Solti), and Cleveland Orchestra (Dohnanyi) play regularly each season. And there are frequent concerts brought by the orchestras of San Francisco (Blomstedt), Cincinnati (Gielen), St Louis (Slatkin), Minneapolis (Marriner), Los Angeles (Giulini, now Previn), Washington (Rostropovich), Baltimore (David Zinman), Pittsburgh, Detroit, Indianapolis (John Nelson), and the others.

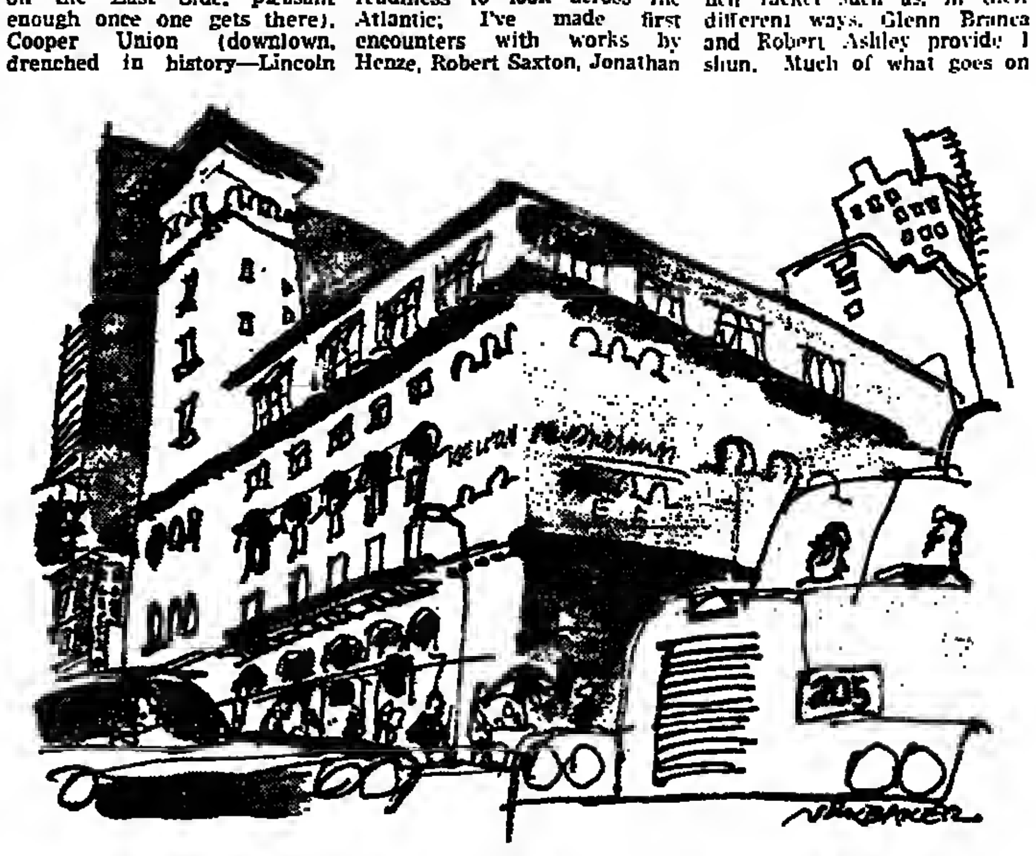
Their programmes give a New York concertgoer the variety that London's orchestras offer in London, and a fair amount of new music is heard. Visiting orchestras from abroad—the Berlin, Vienna, Dresden Leipzig, Czech, Leningrad Philharmonic, the Amsterdam Concertgebouw, and the rest—tend to choose "safe" programmes.

Carnegie Hall is also the home of two New York orchestras important for contemporary music. The American Composers Orchestra is a pick-up group — hired, but with pretty stable membership, from the city's pool of expert players for the three or four concerts it gives each session. It plays programmes of American music from the last half-century or so, and a "fair shares for all" approach to programming keeps it from having any such *strong* "*profile*" as, say, the London Sinfonietta. The concerts generally sound under-rehearsed, by European standards. But without the ACO we would not have heard, this season, Milton Babbitt's challenging Piano Concerto, composed by Alan Feinberg.

The other orchestra is the New York Youth Symphony, conducted by David Alan Miller, whose commissioning programme for young composers gives them the chance of writing for a large orchestra and gives young players the chance of working with live composers. This programme has brought Ron Caltablano, Michael Torke, and Kamran Ince before the public — or at least before the public of food parents and the five or six New Yorkers who care keenly about contemporary music and attend the free-admission events.

That pool of expert players also provides the personnel for a host of contemporary-music ensembles, among them (in alphabetical order) the Contemporary Music Ensemble, the *Da Capo Players*, the Group for Contemporary Music, the League/ISCM Chamber Players, Merkin Hall's Music Today Ensemble, Musical Elements, the New Music Consort, the New York New Music Ensemble, Parnassus, and Speculum Musicae. (The list is far from complete.) The memberships overlap, and many of the players also hold orchestral posts and positions with string quartets. Night after night I hear some of them wearing different caps and wonder how they can have found time to rehearse all that they perform.

They play in Carnegie Recital Hall (unwelcoming and uncomfortable), Alice Tully Hall in Lincoln Center, large, dry, and unintimate), Symphony Space (shabby but friendly, on the fringes of Harlem), the Y (over *on the East Side, pleasant* enough once one gets there), Cooper Union (downtown, drenched in history—Lincoln and Dickens spoke there—but now sanitized), Columbia University (borrid hall, but now being redone), the Manhattan School auditorium (so-so), in churches, and, best of all, in Merkin Hall, a place conducive to musical enjoyment, just off Broadway, a block or two north of Lincoln Center.



Carnegie Hall, rescued from the developers when Lincoln Center was built

Audiences may at times number only 20, perhaps 30; and often composers with two concerts on the same night divide the potential audience. One gets to know the faces of the faithful: the composers Louise Talma, Miriam Gideon, Milton Babbitt are likely to be present; often George Perle; Elliott Carter if he's not abroad. And one gets a sense that, while the big public (and the major critics) may be at the Met marvelling at Pavarotti or Domingo, Dame Kiri or Eva Marton, or at the Philharmonic listening to Mehta plough through Brahms, there is a band that cares about the music of the present and the people who play it.

Let me try to characterise, briefly and approximately, some of these groups. Parnassus, directed by the composer Anthony Korf, is earnest, scrupulous, passionate about accuracy, sometimes short on charm. It has championed Stefan Wolpe and given exciting accounts of Varese, Stravinsky, and Schoenberg classics, and fine ones of Babbitt and Wuorinen.

Musical Elements, directed by the composers Daniel Asia and Robert Beaser, has a more relaxed approach and a *readiness* to look across the Atlantic; I've made first encounters with works by Henze, Robert Saxton, Jonathan Lloyd and Hans Abrahamsen at Elements concerts. The New Music Consort, directed by Claire Heldrich and Madeleine Shapiro, often revives a "modern classic" — Boulez's *Marteau*, Carter's *Mirror on Which to Dwell*—along with brand new music.

Da Capo and the New York Music Ensemble both have the same constitution as the Fires (the *Pierrot* quintet plus percussion). Da Capo might be called the poets of the contemporary music scene, striving for grace and expressiveness as well as accuracy and energy.

Speculum has a long association with Elliott Carter; Donald Martino, Wuorinen, Babbitt are likely to figure on its programmes. It could probably still be held to be the aristocrat of new music groups, although recent personnel changes make it hard to characterise. This season it gave a musically alert but dramatically tame account of Henze's *El Cimarrón*. None of these groups plays often enough. Three or four New York concerts a year from each is the norm.

Andrew Porter "speaks for the Anglo-American establishment," John Rockwell *remarks* in his *All American Music*, and I confess it. My interests lie with repertory roughly comparable to that of the Fires and the Sinfonietta. "Uptown music" it's called here, or even "Princeton-Columbia" music. Minimalism appears to be a spent force although there is still plenty of it around. Ear-splitting amplified racket such as, in their different ways, Glenn Branca and Robert Ashley provide I shun. Much of what goes on downtown, from "performance artists," seems to me self-indulgent, often inchoate, lacking in intellectual rigour. Lessons to be learned from it I learned long ago—from Satie, Cage, Lejaren Hiller, Sylvano Bussotti. But since each generation probably needs to learn these lessons for itself, I'm glad it goes on.

There is also a soggy middle ground that might be called Neo-Romanticism. Once-rigorous composers—George Rochberg, David Del Tredici, even John Harbison—reach out to the public with the cliches that it likes because it knows. And there are talented young composers who follow suit. I don't mean to suggest that they are dishonest. They believe in what they do But they seem to have given up the struggle that made Roger Sessions and makes Carter and Babbitt living forces. Musically (whatever their political convictions may be) they seem to acquiesce in the values of a society that regards "conservative" as a term of approval and "liberal" as a dirty word. They supply music for a "silent majority" that becomes far from silent in praise of it.

Which brings me back to my first, sweeping statement. Contemporary music, while abundantly available, is probably more of a minority interest here than in any big European city. There's not much informed, eager public discussion (only one newspaper, the New York Times, has a critical team, against London's four dailies three Sunday papers, and several weeklies).

When the Fires visited New York last year, a young composer, excited by their performances, asked me, "Why can't we have something like them here?" We do have ensembles as accomplished, but they lack continuity. (The Fires for example, have played Carter's Triple Duo some 20 times in public, while Speculum has played it only four times.) Answers must be sought in the economics of the music business; the level of musical education in schools; the lack of a national, co-ordinated radio system; and the extent and nature of government support for the nation's creators and their interpreters. Much of the considerable amount of public money spent on music is in the form of tax remitted on private contributions, and is therefore channelled by individual whim and preference.

Also, perhaps, the oddly grim spartan atmosphere of much American concert-going—reflected alike in the performers severely unsmiling demeanour and failure of many halls to provide anything but water for their guests' refreshment—has something to do with it.

Bliss, despite the crackles

THE "Mapleson cylinders" are famous. On January 16, 1901, Lionel Mapleson, the Metropolitan Opera's music librarian, took his Edison Home Model A phonograph into the Met prompt box and caught the strains of Nellie Melba singing the Alleluia from Massenet's *Le Cid*. The weeks that followed brought more recordings. It was Jean de Reske's *last* Met season and Mapleson caught the great tenor in passages from *Le Cid*, *L'Africaine*, *Les Huguenots*, *Lohengrin Siegfried* and *Tristan*.

In 1902, Mapleson added an enormous sound-catching horn to his little machine, moved up to the flies and recorded a great deal more. And again in 1903. But from 1904 we have only a few orchestral excerpts: Columbia and Victor had both begun recording Met stars commercially and that may have put a stop to Mapleson's activities.

In 1909, his phonograph was revived as nursery toy: a cylinder that begins with Melba in the *Faust* Jewel Song continues with a childish voice, a Master Mapleson's declaring "I want to build my *own* house with my *own* blocks." A 1901 *Africaine* duet with Lucienne Bréval and de Reske yields to Lionel's voice breezily declaiming "Hello, darling! We're in the library, and the day is April 8th, 1909. We've just come home from a very breezy walk on Brooklyn Bridge."

Mapleson gave some of his cylinders away, and he sent the best of them, his son says, over to London. (The attic of the Mapleson family home at 65 Bartholomew Road, Highgate, apparently has been searched in vain.) But he kept a cache in New York, and from 1939 some of them were made public, transferred to disc by the International Record Collectors Club. The surviving cylinders were acquired by the New York Public Library. Their contents now appear in a six-disc LP album, a joint publication by the Library and the Metropolitan Opera Guild.

These are "live" operatic performances — the only ones made until in 1924 HMV set up its microphones in Covent Garden and recorded Chaliapin and Melba's Farewell. They have a spaciousness seldom achieved in the constricted studio recordings of the day, where the singers stood before a horn, instrumentalists clumped around them.

Lionel Mapleson with his famous machine

Mapleson may cut an artist off in mid-phrase, even in mid-note, as the cylinder (lasting about two minutes) runs out, but what is there is a real performance. The singers are caught in full flight, moving about the stage, and responding to the sweep of the occasion. Moreover, of several great singers these are the only recordings we have: among them Jean de Reszke; the great Wagnerian Milka Ternina; Bréval, queen of the Paris Opéra; the bewitching Fritzi Scheff; Emilio de Marchi, the first Cavaradossi; Cosima Wagner's tenor Alois Burgstaller; the conductor Fritz Mottl.

The cylinders are not easy listening. Great waves of surface noise, *roars*, crackles, bumps and thumps rise up to swamp the voices. The cylinders deteriorated over the years, and some of them were played almost to death. Tom Owen the Library's chief sound engineer, has done wonders in drawing from them every scrap of available "signal," but sometimes it needs the ear of faith, aided by eyes glued to the score, to follow faint traces of glorious singing through the extraneous uproar. But several of the excerpts are thrilling and provide a vivid sense of voices ringing out through the enormous house.

Desmond Shawe-Taylor once wrote vividly about the Queen's aria from *Les Huguenots*, recorded in 1902, which used to be ascribed to Melba but is now credited to Suzanne Adams:

"A quite electrifying glimpse of the great soprano in action . . . An unholy din sometimes submerges the voice; then it suddenly flashes out, with amazing brilliance and strength. There is a high C sharp, attacked in full voice, which *seems* to echo *round* the huge auditorium; there are cascades of florid singing which might almost be described as reckless; yet not a semiquaver, even in the most rapid upward arpeggios, is out of place. Towards the end we hear the chorus entering quietly 'in support,' and finally a roar of applause which drowns even the noise made by Mapleson's apparatus."

Of Ternina and de Reszke we can catch, alas, no more than tantalizing glimpses. Nordica is well represented, especially as Isolde and as Brünnhilde. So are Melba, Sembrich and Gadski. *Faust* trios led in turn by Melba, by Adams and by Emma Calvé testify to the distinctness of three artistic personalities and three very different timbres. There are some wonderfully grand choral scenes, notably those of a 1903 *Aida* led by Gadski, Louise Homer, de Marchi and Journet. The orchestra in a 1902 Walküre finale is astonishingly clear. Beyond the romantic fascination of being able to eavesdrop, however imperfectly, on these performances at the start of the century, there are many lessons to be learned: about style; about purity of tone; about sound that seems to flow, rather than be forced; about "real notes" distinctly sounded, rather than modern "more-or-less" notes that produce dirty intervals between the voices.

The contents of the 136 surviving cylinders has been judiciously ordered, opera by opera. The Mapleson family vignettes and what the producers wryly describe as "the unidentifiable, the inaudible, the unmusical, and the unlistenable" have been tactfully gathered into an appendix that forms side 12, in the lavishly illustrated and fully documented booklet that comes with the set, David Hamilton's "presentation" is scholarly and scrupulous.

Let me repeat the warning that these cylinders call for a specialised kind of listening, and then urge them on all who are interested in singing, in opera, and in how the greatest interpreters of the Italian, French and German repertories sang in 1901-3. The album costs $100 (plus $3.50 shipping in the US, $8 elsewhere) and is obtainable from the Metropolitan Opera Guild, 1865 Broadway, New York, NY 10023.

Andrew Porter

Paula Deitz discovers that nothing can stop New York blooming

Gardens, even in the sky

GARDENING IN New York is done at many levels—levels of competency to be sure, but what I mean here is heights. To stand with friends on a penthouse terrace at cocktail hour and survey at eye level the neighbouring 16-storey roof tops of lush green, with tall trees and overflowing vines, is like being in a mountainous Chinese landscape.

For all the thrill of Manhattan's lofty terraces that make a bushy skyline in summer, there is an even more special down-to-earth garden scene in the Greenwich Village area. It has been developing over the last 15 years under the critical and imaginative tutelage of Pamela Berdan, the *grande dame* of both private and public gardens in this historic district. Gardens this expert plantswoman and designer has not tended herself are likely to be looked after by her disciples. Miss Berdan's private gardens are tucked away behind the rows of Greek Revival and Victorian townhouses, her community gardens flourish at present in one public square and in a churchyard. Both may be visited to observe how gardens made by her can survive beautifully in this congested city.

Because of the ephemeral nature of gardens in New York —residents move frequently and land, once greened over, may be reacquired for new construction or other commercial purposes—many of her planting schemes survive only as memories. Pamela Berdan, now in her eighties, never looks back; her main concern this summer is getting the rock garden in Sheridan Square just right. Her only concession to age is a stout wooden cane, handled more like a prop than a necessity.

While most of Manhattan's streets are laid out on a grid pattern of rectangles and squares irregular criss-crossing streets in Greenwich Village still mark its original meandering paths and the boundaries for the large 18th-century country estates that were a refuge from the commercial districts further downtown. Because of these unusual street patterns, the Village has triangles where several streets come together. Sheridan Square, named after the Civil War general Philip Henry Sheridan, is a triangle covering about a quarter of an acre. It was a block-topped parking lot before the Department of Transportation released it in 1982 to the Sheridan Square Triangle Association which proposed and now maintains the fenced-in garden designed and planted by Pamela Berdan.

It is a composite of Miss Berdan's tried and trusty ideas for urban gardening—not that she does not continue to create new effects with flashes of artistic brilliance. Sheridan Square Garden is more than simply a country garden in town.

A hill rising gradually from the triangular base is crowned with a Magnolia Soulangeana, and levels off into cascades of coloneaster and upper and lower fields of thyme. The sloping rock garden, curved beds and winding stone paths all conspire to stretch the triangle and to give the illusion of grandeur on a small scale. It has all the variety and interest of a large estate—and undulating terrain increases the planting surface.

Miss Berdan was educated at Vassar before her earlier New York career as a designer of interiors and of garden landscapes. In the 1930s she began designing only gardens and has continued this in the Village, where she now lives. A classical horticulturist, she plants with an artists eye to colour, repeating the same pastel palette in each area of a garden from early spring to autumn, paying close attention to form, rhythm, balance and texture.

In designing the Sheridan Square rock garden Miss Berdan has created the look of natural rock outcroppings in the parks (New York City is built over rock), even to matching the veins of the grey-green rocks on the same ledge.

What adds to the success of this garden is that Greenwich Village is essentially a village within a city where gardeners compare and share plant material as they do in villages elsewhere. True, the topsoil and bags of bacto-peat have to be imported, and irrigation systems dug in, but for the rest, gardeners order from country nurseries and transplant from each other's gardens.

The European ginger plants progressing along the Sheridan garden edge come from the garden behind St John's in the Village. In the 1920s St John's purchased the houses on the surrounding blocks, merged all the back gardens into one large common one, then resold the houses with only access paths in the rear, thus retaining complete control over the garden. The solitude and quiet amidst the dark green growth is reminiscent of a courtyard of an Italian hill town.

In the early 1970s Miss Berdan established here a series of gardens joined by stone paths. The main garden, around a green oval, is backed by cast-iron columns that create a cloistered effect. Plantings begin high at the far end with a pair of arching Kwansan cherry trees descending to Magnolia Soulangeana and stellata on either side, and varieties of rhododendron.

What is most interesting is leaf transition: broad to oval, shiny to dull, as in placing *mahonia next to holly. The rest* of the oval is planned for a spectacular display at about Easter. Later it features *astilbe* peach glow, and Constance Spry and Cytherea peonies—always seen in dappled sunlight, for this garden is shaded by the lacy leaves of two giant ailanthus trees with vine-covered trunks. Boston and English ivy and wisteria climb the surrounding walls, and around a stone font in the lower garden are Mary Fleming and Exbury rhododendrons.

Another client, Gordon McCollum, executive vice president of Cushman & Wakefield, a real estate firm, said that after seeing St John's garden he searched for ten years before he found someone to introduce him to Pamela Berdan. His new garden, in a seemingly impossible, airless cul-de-sac behind his handsome Greek Revival house in SoHo, just below Greenwich Village, was planted this spring. Partridge berry, ferns, and Solomon's seal surround a dissectum maple. Clematis and wisteria climb up the walls.

"Her passion and interest in city gardens is indomitable, even against the environmental odds of New York," says Mr McCollum. Miss Berdan's high standard has certainly enhanced the appearance of the Village. But if a client makes a change she has been heard to remark: "I am painting a picture, and you have criticised one brush stroke."

How to get there: Sheridan Square is at Barrow and West 4th Streets, off Seventh Avenue. St John's in the Village, at 224 Waverly Place on the corner of West 11th Street, is open from 9 to 5, Monday to Friday, and after services on Sunday.

Pamela Berdan . . . greening the city.

. . . and grounds for optimism

Dogwood and azalea beautify spring in the south-east. Arthur Hellyer explored it.

ANYONE WHO doubts that America has some of the finest gardens in the world should visit the south eastern States, preferably in spring when the dogwoods are flowering, the tulip trees are coming into leaf, azalea festivals are being held and the wayside trees drip with blue wisteria.

One could fly to Washington, hire a car and drive into the city to see Dumbarton Oaks and the National Arboretum. Then north into Delaware and Philadelphia for the two great Du Pont gardens, Winterthur and Longwood. Back south into Virginia for Williamsburg; North Carolina for Orton; South Carolina for Brookgreen, Cypress, Magnolia, and Middleton Place, the last three all in the Charleston area.

Then head inland for Biltmore and home along the Blue Ridge Parkway, with splendid views, noble forests, abundant wild flowers and relaxed driving. There would be reasonably priced, comfortable motels all the way, sunshine almost guaranteed, and the gardens as fine and varied as you would be likely to find anywhere.

Let us look a little more closely. Dumbarton Oaks is very formal in parts, with features like the elaborately patterned pebble garden and espalier trained magnolia trees. Yet it also has easygoing traditional herbaceous borders, rose gardens and many fine trees.

The National Arboretum in Washington is not just all trees. At times, especially in spring when the azaleas and dogwoods are in flower, it is a tremendous spectacle with massed colour that would tire the eye were it not for the trees' cooling shade. Many of the fine Glenn Dale evergreen azaleas grow here, there is an extensive plantation of ornamental crab apples, and one of the largest dwarf conifer collections in the world, dramatically laid out. A remarkable feature is that you can drive all round the arboretum in a car.

From traveller's tales one might imagine Longwood to be a rather overblown display of expensive flowers in beds and in an enormous greenhouse, plus spectacular cascades and the extraordinary Eye of Water, a great welling-up of water through a four foot hole, spilling out over a mushroom head of concrete. It is very much more. The trees are superb, and include some very large swamp cypresses and a fine group of incense cedars. There are good cherries and magnolias, and the original house, unlike the newer, rather ugly mansion tucked in behind it, is a pleasant old-style colonial building.

Yet I like Winterthur much better. It is much more natural in design. In my diary I described it as "a clean, swept up Leonardslee" — no disrespect is directed at that lovely Sussex garden, but rather a mild rebuke to Winterthur for overgrooming what is basically a well planted wild and woodland garden.

I visited Williamsburg when the rosebud trees were in bloom and the little box-edged gardens were full of richly scented jonquils, violets, periwinkles and Brodiaea uniflora. The red oaks here are very good and must be a great spectacle when they colour in the autumn. Much research has been done to get houses, gardens and plants exactly as they were when this picturesque little Virginian town was built in the early 18th century.

Orton, not far from Wilmington, North Carolina, was a revelation on which I stumbled by chance. It is a lovely plantation garden with water all over the place and all the things that go with water, including swamp cypresses, zephyr lilies and Spanish moss hanging in ghostly trails from the trees.

But there is an elegance about Orton which is rare in such gardens. I had the feeling that Gertrude Jekyll must have given some hints, perhaps on the quaint beds of pansies or the way in which clematis climbed into yellow Banksia roses; but when I asked the owner she replied that she had never heard of the famous Englishwoman.

Brookgreen at Murrell's Inlet, 30 miles into South Carolina, is an open air gallery for the display of an immense collection of American 19th century sculpture. I have never seen anything on this scale elsewhere, nor any garden in which ornament and planting seemed in greater harmony.

Cypress has too much water and too little variety, yet there is an air of mystery as canoes glide silently between the thousands of swamp cypress trees. If one prefers to explore on foot there are raised paths, with rose and white zephyr lilies at one's feet.

Magnolia is rather a muddle, but this garden is so full of colour in spring that one can readily forgive a lack of coherence. In spring there are great sheets of magenta azaleas and a large flowered white azalea named Delaware. There are camellias, masses of zephyr lilies, wisterias scrambling into many fine trees which include loblolly pines over 100 ft high, and big specimens of Magnolia grandiflora, from which the garden gets its name, though the originals are now dead.

Middleton Place has the perfect balance of design and planting along with well organised water, especially in the beautiful Butterfly Lakes flanked by a long stretch of water backed by steep woodland heavily underplanted with azaleas. (There are said to be 35,000.)

Biltmore, the great Vanderbilt garden at Asheville, is also strong on design—as it should be: Frederick Law Olmsted, architect of Central Park in New York, and many other fine gardens, was responsible for it. But after Middleton House it is a bit overwhelming—perhaps too much money and not quite enough taste. Nevertheless crowds pour in, cameras click and everyone is very happy.

Highways to boredom

Speed kills—but not on US roads, says Stuart Marshall

IF YOU think America's roads are filled with demon drivers, you have been watching too many episodes of Starsky and Hutch. Mass motoring came to the US a generation before it did here. The American driver looks upon a car as an extension of the home—something in which to proceed gently from house to shopping mall, office or factory; not a vehicle in which to display derring-do or manipulative skills.

The sedate pace is accounted for in part by a federal speed limit of 55 mph, which you *ignore* at your financial peril. It is not spelled with equal rigour in all states, though.

But it goes beyond this. The American driver is extraordinarily pacific in his or her car. If you make a mistake and create a minor hold-up, there is unlikely to be any horn blowing, shouted insults or rude gestures.

A friend of mine, now resident in the States, said he saw more aggravation among motorists during a week in Wolverhampton than in five years in Akron, Ohio.

I believe him. In Virginia not long ago I was fiddling with the radio while stopped at the traffic lights and let the car creep forward as I had not applied the parking brake. It touched the bumper of the car in front with quite a thud. The driver did not even look round but just moved forward a few feet so it would not happen again. In some parts of London one might have been marked for life.

Nor is there the American equivalent of the sales rep in his Cavalier or Sierra 1.6, heading for home on Friday at 85-100 mph, carving up anything in his path. A hot-looking sports car, with foot-wide tyres, may well have a senior citizen or a teenage girl at the wheel.

Any Briton motoring in the US should therefore be assured. The only thing you are likely to die of is boredom as you roll along the endless dual carriageways at a mind-numbing 55 mph.

American roads are well signposted, but it is essential to know their numbers before starting on a trip. The main roads are the Interstate or US Highways, the lesser ones state highways. They roughly correspond to our motorways and A-roads. Their sheer scale can be daunting. Ten-lane highways are hardly known in Europe—unless you count that bit of autoroute just south of the Paris *périphérique*—but finding your way in the USA need not be difficult. Do not expect to find place names on the signs very often.

There is no country in the world like the US for road signs. The rule seems to be never to put up one sign if you can use three. This profligacy can be self-defeating but it may occasionally be helpful. For instance, you will never be unaware that you have gone into a no-entry road. The first sign you will see will say "Wrong way."

Some of the roadside signs are collectors' items. My favourites: Don't even *think* of parking here"; "All in favour of saving gas raise their right feet"; and "Drivers of cars from which litter thrown liable to arrest."

The cars themselves tend to reflect the American philosophy that motoring is a chore that should be carried out with minimum effort and in maximum comfort. Automatic transmission, power steering and air conditioning are the rule. Only if you are an enthusiast or hard up do you have a stick shift (that is, a manual gearbox).

Although foreign (especially Japanese) cars have penetrated the US market on a scale undreamt of 10 years ago, the whole country is still geared to the big car. All parking places are laid out for the standard size car, which to Europeans is enormous.

Difficulty of parking and high cost of fuel are the two main reasons why we do not run big cars any more in Europe. But when neither problem exists — and US petrol is less than half the price it is here — why not enjoy the pleasures of a 17 ft long car?

It is easy to point the finger of scorn at the traditional Detroit product's extrovert styling that so often falls over the edge into vulgarity. But what looks absurd in London — and even more so in an English country lane — loses its capacity to offend in America, where so many things are slightly over the top anyway.

If you rent a car in the US, give yourself a treat, think big and try a traditional whopper. The suspension will be soft to the point of floppiness and the steering so light you may fear the wheel has become disconnected. But why worry? You will not be bustling around tight corners, if you are wise, and you will find it totally effortless to park.

On the freeway it will be as quiet as a Rolls Royce. The interior may look a bit tinselly and overripe but you will appreciate the spaciousness and air conditioning. And do not be too concerned about fuel consumption. Petrol is cheap and sticking to 55 mph in a high geared, if large engined, car produces surprisingly good miles per gallon figures.

A Briton, accustomed to cruising a company car at 80-85 mph on the motorway, could find motoring in the US frustrating. But if a car journey is inevitable, think American. Relax and enjoy it.

Antony Thorncroft investigates the salerooms and their problems

The wills that simply won't

"THERE'S NOT much I can do about it. I can't go around shooting people who have good collections," said John Marion, chairman of Sotheby's New York saleroom, with a wistful look. He was justifying the fall in fine art turnover in New York in the season now slowly grinding to its close.

In the 1984-85 season Sotheby's did very well out of the death of Florence J. Gould, selling her impressionist pictures in one hectic hour for more than $32m, as well as disposing of her furniture and other art. Such a windfall transforms the annual figures. This season, the ageing widows of the great inter-war collectors of art are refusing to pass on their treasures or, terrible alternative for the salerooms, preferring to will them to their local museums.

So, Sotheby's and Christie's will be unable to report record sales in New York for the first time in years (not that Sotheby's, now it is owned by Alf Taubman, reports anything publicly about its finances). The slight dip in turnover should not worry it too much. The market remains strong, with anything good that gets to the auction room fetching a reassuring price. The medium quality stuff is harder to dispose of, and Sotheby's in particular is finding the mediocre too unprofitable to handle.

To a great extent, the salerooms are victims of their own success. They have sold the idea that art is a good investment so effectively that owners are holding tight to their goods, waiting for prices to rise even higher. It would take a slump on Wall Street, and pressure on the beleaguered rich to raise money quickly, to release works of art for the salerooms. But, after a sudden bonanza, Sotheby's and Christie's know well that a collapse of the American economy would soon hit the nervous, speculative and (at the highest price level, very thin) art market.

The most speculative sector of the market, and the one that of the total turnover of Sotheby's and Christie's in New York, is Impressionist and modern pictures. Here, the American museums have no qualms about clearing out their surplus stock; and at Sotheby's Impressionist sale the Metropolitan and the Guggenheim in New York, the Los Angeles County and Chicago Art Institute were all selling off pictures.

For John Marion, the feature of the season was the low proportion of unsold lots—around 12 per cent, as against an average of 20 per cent. Christopher Burge over at Christie's confirms the trend—he is offering fewer lots but getting higher prices. The salerooms have succeeded in attracting buyers to their auctions (although perhaps not as many of the newly made Wall Street fortunes as might be expected) but they are having awful problems in getting in enough high quality stuff to sell.

One new source of product is the museums. American museums have no qualms about ... pictures in one hectic hour ... with Japanese and European buyers taking advantage of the fall in the dollar to buy heavily. Well over 90 per cent of the major auctions were sold, a great achievement.

The fine art salerooms probably welcomed a quieter season, for more and more of their top management's time has been concentrated on the legal, political and business pressures that have suddenly erupted. Once again, the salerooms have brought it upon themselves. When they were small, reclusive, rather erudite concerns, no one cared about some of their old-fashioned trading practices. After their publicity machines got cranked up, and the media became full of stories of multi-million pictures discovered in garages and art was the next big investment field, they attracted outside attention.

At the moment, takeover fever for both auction houses (although particularly Christie's) has died down a little. Taubman is unlikely to sell Sotheby's, although it takes up an immense amount of his time while providing only 5 per cent of his corporate turnover. He likes the stylish contacts it gives him; and if his request to build a condominium on top of Sotheby's York Avenue auction house gets approval, he will have financially justified the high price he paid for the company in 1983.

Christie's has the more pressing problem of Dimitry Jodidio, which just won't go away. It relates to the famous sale four years ago when the New York chairman of the time, David Bathurst, assured Jodidio, the owner of a collection of Impressionist pictures, that he could raise $12m for his paintings at a Christie's auction.

In the event, the sale was a disaster, with only one of the eight paintings selling. Bathurst lied about the number sold to keep up confidence in the market, but when the facts finally emerged he was forced to resign. Jodidio is suing Christie's who won the first round but, on appeal, the whole affair is going before a jury.

What is at stake is the question of whether salerooms can be held to the estimates they make to vendors before an auction of the likely prices their works of art will achieve.

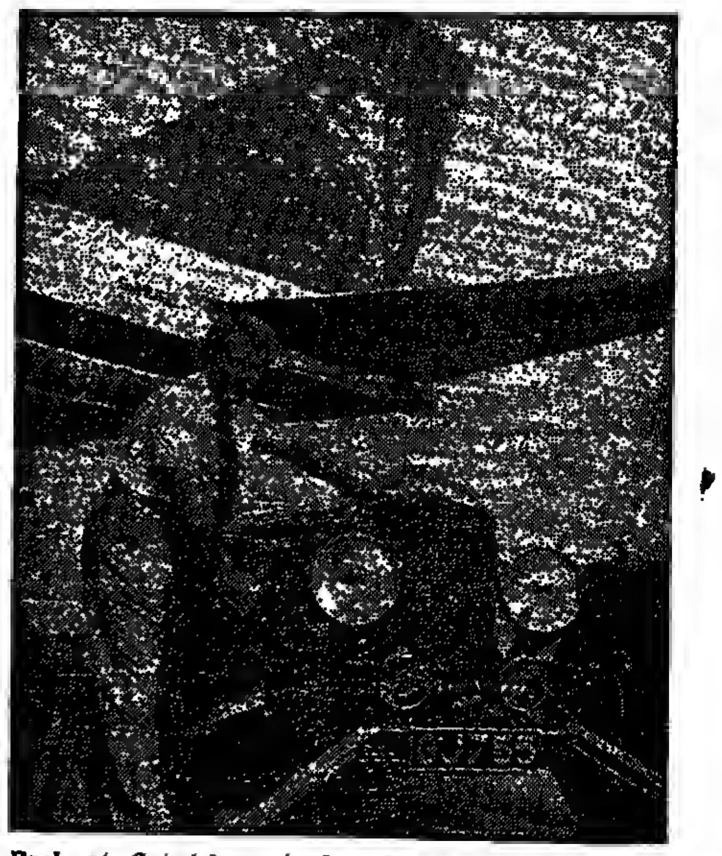
This legal battle is just one of the question marks whirling around the salerooms and their rules of the game. The New York Consumer Affairs Department has taken a long, hard look at some of their procedures and, as a result, changes are imminent which the auction houses have long resisted.

From the autumn, auctioneers will be announcing "unsold" if a lot does not find a buyer, rather than the former practice of knocking down the article to an imaginary name. The catalogue will now indicate to potential bidders whether a lot has a reserve price under which it will not be sold, and whether members of a saleroom's staff are bidding for a lot. The outside pressures also seem to have halted in its tracks one of Sotheby's recent ploys. To stimulate buying at the Gould sale last year, it contacted millionaires and offered they were interested in bidding for the pictures. This obviously gave certain buyers an advantage; the Consumer Affairs Department frowned and Sotheby's is no longer stressing this service, although it still exists.

By opening the art market to a wider public, Sotheby's and Christie's have inevitably prompted more probing questions about how they operate. Even their tremendous success in boosting turnover—Sotheby's to £514m last year and Christie's to £337m — in the 1984-85 season has only drawn them to the attention of takeover predators although Taubman, to date, has not changed the character of Sotheby's apart from the flirtation with financial services for rich buyers, part of the trend to turn art into an investment market.

However, for all their mainly self-induced problems, Sotheby's and Christie's dominate the New York art market. Dealers are less important than they are in London, and going to an evening sale is a great social event among the city's socialites. The two companies are fiercely competitive, cutting their margins to the bone as they fight to secure the most juicy estates—around 50 per cent of their turnover comes from beyond the grave. Increasingly, executors divide up the goods—Sotheby's got the Gould pictures and furniture, Christie's her jewels. The late Antenor Patino's furniture is going to Sotheby's but his silver to Christie's.

It might all look very glamorous as the urbane auctioneer coaxes yet one more bid for a beautiful painting from a smartly dressed connoisseur; but the real world for Sotheby's and Christie's in New York is chasing round frantically for goods to sell, negotiating with over-greedy vendors, trying to keep costs down and, all the time, worrying about the next directive from the city's watchdogs or the next legal action from some disgruntled



Back at Gatwick yesterday—Medcalf, Bentley, and British Caledonian Combi.

Gently, Bentley

BILL MEDCALF took his motoring holiday early this year. He cancelled the milk and newspapers, arranged for a neighbour to feed the cat, and drove off to Southampton and the ferry.

Southampton, England, that is—and the "ferry" was the liner Queen Elizabeth 2 heading for New York.

There was something else out of the ordinary, too. Englishman Bill was driving a 66-year-old 6½-litre Bentley Six, only 32 of which were built, and fewer survive. The last one to appear at auction fetched almost $300,000.

It made the crossing in the QE2's 70-car garage along with duty-free Volvos and Mercedes —perks of spells in Europe with the US military or multinational companies. And when it appeared on the streets of the FT's team of writers, it created a sensation.

Normally, you park illegally in New York at your peril. And trouble quickly loomed in the shape of a gum-chewing cop who looked less than amused at where we had stopped.

"What kinda vehicle we got here?" he asked, with thinly disguised menace.

"A Bentley."

"British, eh? What year?"

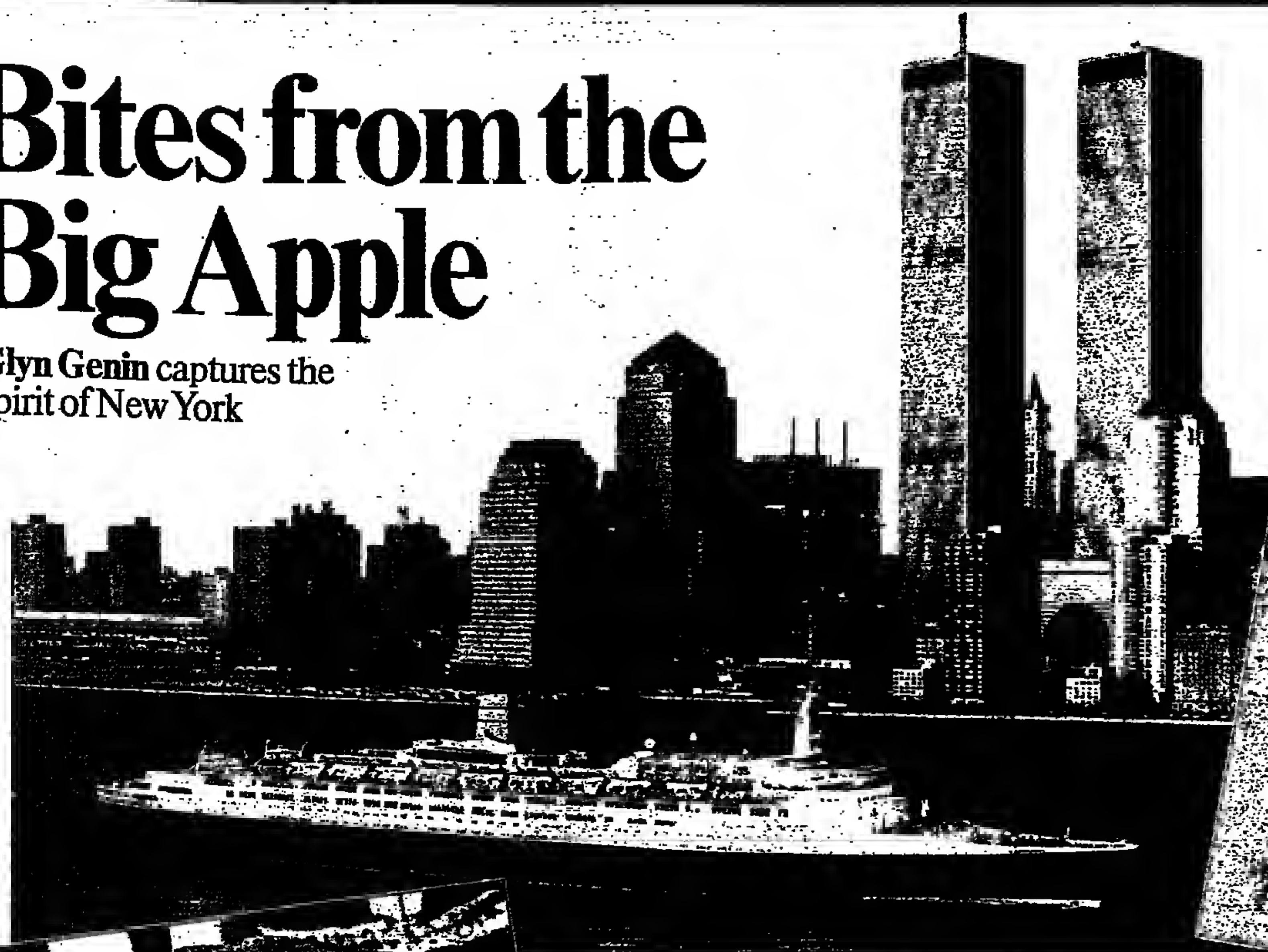
"1930."

Suddenly, his face cracked into a grin. "Hey, nice car. You can park that anywhere on my beat."

It was the same everywhere. The effect on cynical New Yorkers was shattering. Cab drivers yielded right of way. Truckers honked their horns. And pedestrians echoed the cop: "Nice car, man, nice car."

Bites from the Big Apple

Glyn Genin captures the spirit of New York



ABOVE: The Queen Elizabeth 2, Cunard's flagship and the last liner on the Blue Riband route, passes the World Trade Center. TOP RIGHT: Jazz in the Park—a street musician plays bass. BOTTOM RIGHT: A sternwheel paddlesteamer takes sightseers close to the Statue of Liberty. BELOW: Taking the sun on the South Street Seaport boardwalk. BOTTOM LEFT: New York City policewoman.

London Property

PROPERTY

John Brennan inspects properties on the Manhattan skyline

Head-in-the-clouds homes

NINETY PEOPLE have already signed up to buy some of the world's highest apartments. But the best view of all—from the $5m five-bedroom penthouse suite on the 77th and 78th floors of Harry Macklowe's Metropolitan Tower on 57th Street Manhattan—is still available.

It has been rumoured that Sylvester Stallone, Michael Caine and a dozen other stars have shown interest in New York's highest home. The truth is more down to earth. "We haven't marketed the penthouse yet, we prefer to sell it once the building is established," says Macklowe Real Estate vice-president Sheldon Werdeiger. The selling job isn't made any easier by the fact that 25,000 new condominium apartments are flooding onto the Manhattan market over the next 18 months, speculative overdevelopment that has been enough to push "condo" prices down by around 10 per cent last year, and take another 10 to 15 per cent off the condo-market average this year.

The Metropolitan Tower's edge in this tough market is that it justifies its super luxury tag with lavish apartment services and finishes, and it is keenly priced. At an average $520 a sq ft it is a couple of hundred dollars a foot cheaper than its near neighbour and arch rival in the sales campaigns, the Trump Tower, which is still only 60 per cent filled.

Height clearly helps: the Metropolitan Tower stands 716 feet tall, 52 feet taller than Trump, and is now the tallest residential building in New York. The triangular, glass-clad building has views over Central Park, across to the East River and out over the bay to New Jersey. It's no surprise then that, as Werdeiger says, "people have been buying down from the top, and up from the bottom" is more a figure of speech than a description, since the first residential space in the tower begins on the 32nd floor.

Apartments on those lower levels have sold on price as much as view. None of the cheapest, $320,000 one-bedroom flats are left now, and prices up to a couple of million dollars haven't daunted the buyers of larger apartments and duplex homes higher up the tower. Most of the space in the top 15 stories has been taken, but that still leaves 156 apartments, and an estimated two to three year selling campaign.

Pricing of the apartments gives a clear choice between views and space. You could, for example, spend around $500,000 on a large, one bedroom unit on the 38th or 40th floor, or pay the same money for a two bedroom apartment lower down, on the 33rd or 34th floor. Triple your spending and you might get one of the few remaining apartments on the 74th floor.

Apart from the view, that would buy you the freehold to a spacious, designer fitted, 2,600 sq ft home in the sky. The price includes membership of the *Metropolitan* Tower's private dining club and health club on the 30th floor, and would commit you to a monthly communal services bill of $350, plus $300 for taxes.

Werdeiger reports that buyers range from people who are moving back into New York from the suburbs, those buying a second home and New Yorkers switching from other apartment buildings to a mix of international buyers. "We have been pleasantly surprised that foreigners are coming back to buy in New York," he says. "They have been absent in significant numbers for some time. Maybe it is the value of the dollar, but we're been finding that foreign buyers appreciate the quality and the design of this building. Americans don't appreciate the detail of the work as much."

What Americans do appreciate is a place to park the limo, and the 100 car parking spaces below the Metropolitan Tower have become a big selling point. "It is a very important amenity to be able to drive into your own building." Important and, as you might expect, expensive. The car parking is let out at commercial rates. One space would add between $400 and $500 a month to your bill.

Apartment investors—buying early in the hopes of making a profit when the developer's marketing campaign has generated sufficient interest to push prices up—have been frozen out of the Tower by a resale ban.

"We want owners who want to live in the building," says Werdeiger. "We don't look favourably upon investors buying just to compete with us later on. We want this to be a place where people who enjoy this quality of life come together."

That's why sales agreements incorporate a no-resale clause based on time and on the percentage of the residential space in the building that has been sold. It will be 18 months to two years before today's buyers are free to resell.

Commercial space below the apartments is being let at around $40 a sq ft to a mix of professional firms and banks. Street level shops are occupied by Tower's salesforce. Once the building is completely sold out the salesmen will make way for the kind of shops that like to sit below quarter of a billion dollars worth of flats. They are unlikely to be a place to bargain hunt.

When the selling season is over all 246 apartment buyers will share ownership of the Tower and elect representatives to a management board to run the building. M. J. Raynes (212.432.5700) are sole agents for the building which, if you're drawn to odd figures, can claim to be the sixth tallest concrete structure in the world, took 2,142,000 man-hours to build and weighs 18m tons.

*

No-one has weighed London's Barbican recently. No-one ever dared to add up the man-hours involved in its 30 year limp from planning to completion. But ten years after the last part of the City of London's very own council estate was completed, the Barbican Shakespeare Tower still claims the distinction of being the highest residential building in Europe.

Buying a home in the City's sky is a positive bargain if you value by height alone. The very highest, 41st floor penthouse in the Shakespeare Tower isn't available. It's rented. But a three bedroom flat on the 38th floor is about to come onto the market and the Barbican Estate Office (01-628 4341) expects it to sell for around £195,000.

Running costs for a flat of that size include £2,805 for general services, another £1,555 for rates, and £217 for water rates. There are none of the lavish fittings Macklowe offers his buyers. You take your Barbican space as you find it, often enough with the decade-old fittings it started life with. But although the price for the space is low by central London standards these days, the views just don't seem to make up for the lack of West End shops in the area.

Over a third of the Barbican's 2,014 flats have been sold since the City began its sales programme in 1981—the date the 125 year leaseholds run from. Although there have been some impressive price rises in the past couple of years and some big profits for sitting tenants able to buy at a discount, there are still one hedroom studio flats in the complex on the market for as little as £47,000.

Having the Royal Shakespeare Company downstairs clearly cuts less ice in international home buying terms than being in credit-card-throwing distance of Harrods.

Henderson checks out US market

HENDERSON UNIT TRUST group's Prime Residential fund is about to cross the Atlantic. Before the summer is out the £80m fund will announce plans to buy houses in Washington, and in New York's most fashionably commuter town, Greenwich, Connecticut.

Tim Walker, Henderson's deputy chairman and the man who pioneered residential unit trusts, received the final results of a detailed survey of potential investment areas in the US residential market early last week. Savills, the agents who have advised on Henderson's central London properties since its Prime Residential fund was set up nearly five years ago, were briefed to find areas with similar characteristics—a strong letting market and well above average capital appreciation. Now the lawyers and accountants are working through the tax implications of a fund-held portfolio of US properties, and if they hit no insurmountable snags, Henderson will buy an initial £10m to £15m of Washington and New York houses in a three to four month buying period.

"London is still the best performing residential area in the world," says Walker. "But right from the start of the fund we intended to look overseas as part of a strategic portfolio diversification. I think that it is sensible to get some of your eggs out of the one basket."

Savills picked Washington, DC, as Henderson's first overseas buying area because of the strength of the letting market, and rising property values in the most fashionable areas of Georgetown and Sporting Valley, Wesley Heights. Apart from the 200 embassies and international organisations with staff in the US capital, virtually all the major US corporations, lobbyists, accountants, and legal practices have offices there. There are also 900 news bureaux and 5,000 other organisations of one kind or another, only 500 of which are Federal government bodies. Since the costs of renting a house and leasing its contents are tax deductible in the US, letting demand from senior staff seconded to Washington offices is strong.

Incomers compete with an equally affluent permanent local community. Washington's unemployment rate, at 4 per cent, is one of the lowest in the US, and jobs in the area are expected to rise from 1.8m now to over 2m by 1990. House prices reflect that: for example, a six-bedroom colonial style house in Wesley Heights that sold for $350,000 in 1984 was resold a few weeks ago for $565,000. Letting yields on a property like that, rented unfurnished for $4,000 a month, net out at around 5.5 per cent after all costs.

The mix of letting income and capital appreciation on Henderson's central London properties produced a 16.3 per cent net return over the past 12 months, and an investment in the fund since its December 1981 launch would have shown an average compound growth of 14.1 per cent. But with over £8m a month flowing into the onshore fund now, and its offshore equivalent up to £10m—and likely to pick up a strong new source of institutional funding following its entry on to the Unlisted Securities Market earlier this month—Henderson needs to look for investment options beyond the London residential market.

Walker does not believe that central London prices are "over the top." However, he admits to moments of doubt. "We have had a very good run and there are lots of developments coming on which add to the supply, so it has got to slow down a bit," he says. "I think that the really central market will still be showing 10 to 15 per cent capital growth in the next few years, but we will not see the 20 and 30 per cent rises of the past two years."

J.B.

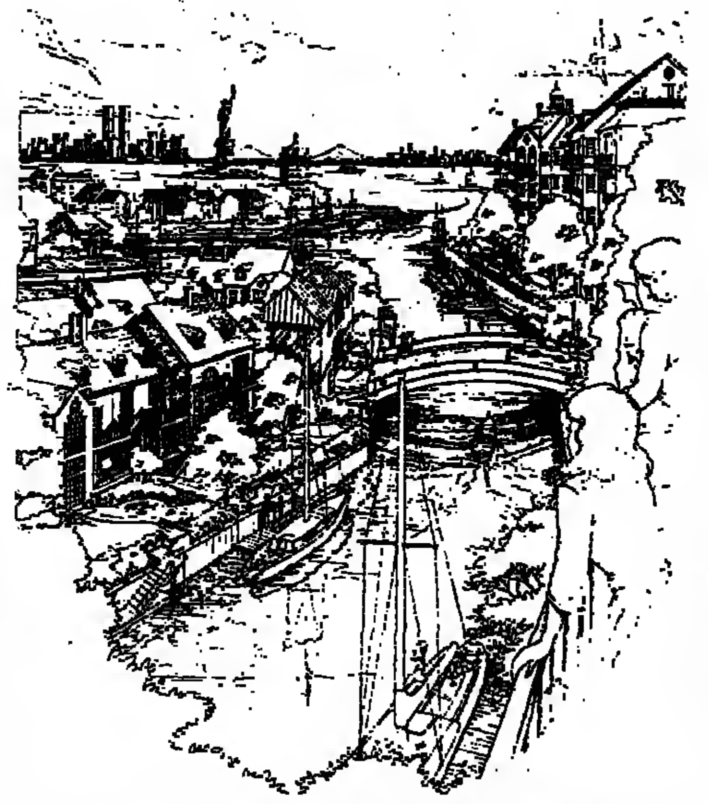
Rentals

Rentals

★ ★ ★ PROPERTY ★ ★ ★

Yuppies back Jersey revival

John Wicks looks at up-market developments in the shadow of the Statue of Liberty



EVEN THE keenest local patriot would hardly call Jersey City a showplace of gracious living. The mere suggestion of gentrification can be in doubtful taste. When Mayor Anthony R. Cucci was recently voted one of the world's best-dressed men, he voiced the suspicion that "this honour is a political smear tactic."

For all that, the West Bank of the Hudson is fast emerging from obscurity. Well over $10bn has been earmarked for projects between the George Washington Bridge and Craven Point, of which anything up to $4bn will go to Jersey City. According to the municipal development association, the city's property-tax base is intended to double between 1980 and 2000.

Like neighbouring Hoboken, Jersey City, has long been an insider's tip in New York, much to the chagrin of Mayor Ed Koch. North Jersey offers cheaper property and much cheaper utilities than Manhattan, a fact which has attracted both businesses and residents from across the river.

Wall Street Yuppies can get to the World Trade Center in three minutes flat from Jersey City's Exchange Place station on the PATH underground, commuting to and from a desirable brownstone, while artists—one source claims 20,000 of them—have flocked in.

Even though the new mayor has undertaken to do more than his predecessor in the field of low-cost housing, the city has definitely moved up-market.

One of the most up-market of its projects is the Port Liberté resort village being built at a total cost of $600m. On an unused waterfront site overlooked by the Statue of Liberty, 1,700 apartments and town houses are to form a self-contained township intended by French designer Francois Spoerry to combine elements from his own Port Grimaud development near St Tropez with aspects of Venice, Amsterdam and St Paul-de-Vence.

Although Spoerry will work with the New York architects Ehrenkrantz Group, the European input is considerable. Prince Ferdinand von Bismarck of Marbella Club fame, and the Swiss resort specialist Pierre Barrier are working closely with the French planner and the New York developer Paul Bucha on the scheme. The Europeans in the Port Liberté partnership have co-operated before, most recently in the exclusive Bendinat club village on Majorca.

The architectural flavour of the village is to be definitely American, however, just as Port Grimaud is based on Provencal and Bendinat on Majorcan styles. According to Mr Barrier, Porte Liberté "will look as though it had grown up here over the past 200 years." Nor will it be Francois Spoerry's first North American opus; he designed "Port Louis" near New Orleans and a resort in Baja, California.

The main appeal is to be to Americans. About 85 per cent of condominium clients are expected to be US residents, the vast majority already living within 30 miles of Jersey City. Most of the remainder are likely to be European businessmen ("not jet-setters"), though the partners are paying a sales visit to Hong Kong this spring.

Financing, too, will be locally sourced. Port Liberté is backed by a pool of New Jersey banks, the Elizabeth-based City Federal Savings and Loan as consortium leader acting as the Spoerry Group's partner in the operating company.

The biggest selling point of the new development is its position on the "wrong" side of the Hudson. Jutting out into Upper New York Bay, Craven Point offers a remarkable view reaching from Lower Manhattan to the Verrezano Narrows Bridge.

It is about a mile-and-a-half from Liberty Island, from which a small ferry would run from Port Liberté, and not much more from Ellis Island — due one day to become a national monument, an "Ethnic Williamsburg" or an international conference centre.

A second ferry would serve Battery Park on the tip of Manhattan, while a special bus service would run from the Exchange Place Station, now being refurbished. Newark International Airport is only a few miles to the west.

The site is also well away from the crowds. Craven Point was last used decades ago — as a loading area for Lend Lease goods, a quay for Liberty ships and, in part, a marshalling yard— and has since been given over to landfill and reeds.

Up-river the site abuts on to Liberty State Park, New Jersey's biggest urban park. This means that no major demolition work is needed and, even more important, that no local residents lose their homes to gentrification.

Port Liberté Partners already own 78 acres on the point, enough for the first three phases of the project. The first of these, due to open in stages between September of this year and March, 1987, will include 328 apartments, 38 town-houses, a "fin de siecle" yacht club, a health club, shops and the first part of the canal system.

The next two phases foresee a further 573 units, with another 757 to be built on a 30-acre plot for which Port Liberté has first refusal.

(In fact, the company has many more building permits than it plans to use.)

The entire project, which will also comprise a 300-room hotel, 740 boat-slips on 25 acres of canal and 2,400 parking lots, should be completed by early 1992 — or, if only 160-180 units can be built per year, by 1994 at the latest.

However, the company has two additional areas totalling 64.5 acres under contractual option; these could be used for further stages of Port Liberté, primarily commercial and office premises.

As far as the disposal of the various properties is concerned, the hotel, restaurants and boutiques would be sold, the yacht and health clubs owned co-operatively by residents and managed by lessees.

The apartments, about 80 per cent of which are to be sold and 20 per cent let, come in all sizes and two main categories — "Canal Residences" with the "Promenade Residences" without access to the water; a number of apartment-houses, with ten to 15 units, will be sold en bloc to investors.

Town-houses, most of which will be terraced but a few detached, all come with sundeck, landscape garden and private boat-slip.

Latest price indicators are that condos until July will range from $110,000 to $400,000, while the dearest of the town-houses reaches more than $700,000. There is expected to be a slight price increase next month. American law foresees initial down-payment of a maximum 10 per cent, held in escrow until the handing-over of the key.

Overseas Property

Country Property

BUSINESS BOOKS

The Lehman lesson the City should heed

GREED AND GLORY ON WALL STREET
by Ken Auletta. Random House, New York. 253 pages. $19.95

IN THE summer of 1983 Lehman Brothers Kuhn Loeb stood close to the top of Wall Street's pecking order. The oldest continuing investment banking partnership in the business, its capital stood at close to $250m and profits before tax and bonus payments were working out at around $15m a month. There was every indication that profits for the year ending in September would break all previous records.

Yet nine months later, the partnership had been ripped apart by a series of rows which were almost as public as they were spectacular. Profits had collapsed to the point where the financial viability of the firm seemed in question, and the demoralised partners had fallen into the arms of a powerful financial conglomerate, American Express.

The story of this extraordinary turnround has been told in a gripping account published in the US: "Greed and Glory on Wall Street." The book should definitely *not* be read by UK bankers and brokers of a nervous disposition, especially those whose firms have been involved in the great upheaval which is reshaping London's financial community, for there is nothing uniquely American about the Lehman story.

The firm was a money-making machine, mainly driven by and for its individual partners. A very loose management structure placed a premium on the individual star rather than on the team, and rewards were determined largely by the performance of each partner, rather than on the firm's overall profitability.

This entrepreneurial culture attracted talent and worked well when times were good. But it offered no common purpose other than making money. Bonuses mattered more than the firm, and once the gravy train stopped there was nothing left to hold the partnership together.

Enormous tensions had been growing well before the period of crisis, arising from the changing nature of the investment banking business. Ten years ago, the big firms were still built around traditional banking relationships: traders and salesmen, if they existed at all, were only there to offer supplementary services to banking clients.

In the more volatile financial environment of the 1980's, where business is built on transactional skills rather than on long-established connections, the traders have developed a much more important role.

In Lehman, as in other firms, there was a tremendous clash of style between these two groups. According to one partner: "It's like cowmen and farmers in the West." The bankers resented the upstart, trigger-happy traders. The traders thought the bankers spent too long at lunch and took an unduly large slice of the firm's rewards.

In this atmosphere greed and jealousy flourished. Enormously well paid partners went at each others' throats for a bigger share of the cake. As one partner observed: "The money is a point system. Ego counts more. Arguments here always revolved around what the other guy got, not on what you needed to live on."

The clash was most violent at the top of the firm, between Peter Peterson and the man who replaced him as chairman, Lewis Glucksman. Peterson knew everyone, and boasted a distinguished career in business and government. Glucksman had received a record number of blackballs when he applied for membership of the New York Athletic Club and his life revolved around his glass-walled office close to the centre of Lehman's trading floor.

Glucksman's highly successful trading built his power base within the firm and made possible his push to the top. But when the market turned sour at the end of the year he was shorn of his armour. The bottled-up hostility could no longer be contained and it soon became clear that a takeover would be about the only clean way out.

Could such a story really be repeated in London? Some of the ingredients are certainly present. A number of the new City firms have much less of a sense of history than did Lehman. Some of the salaries and bonuses which have been promised will only be made possible by great and continuing business success. Many of the new firms must attempt to bring together cultures and personalities which have just as little in common with each other as the bankers and traders at Lehman.

Those that do not succeed in creating some esprit de corps will risk being cracked apart when the next bear market arrives.

Richard Lambert

Sweet taste of success

IMPROVING RESULTS FROM BUSINESS ENTERTAINING
by Melvyn Greene
Kogan Page; 107 pages; £4.95.

THE ART of business entertaining is oddly neglected by *management* publishers, so there must surely be a useful gap in the market for Melvyn Greene's book, despite its rather crude subsidiary title: "How to get what you want over lunch."

It is always a pleasure to watch (and eat with) the great business entertainers. They regularly manage to procure a premium position—a window table at the Savoy's River Restaurant, for instance—and the banter with the head waiter lasts a precise 45 seconds, just short of becoming tedious. Later, the main selling point is raised at exactly the right moment after the sweet.

At the other extreme are the lunchtime disasters: the fobbing off of a key client with a junior executive for lunch, the counter-productive hard sell over the aperitif, or the failure to check that the restaurant takes credit cards.

Mr Greene gives generally sound and methodical advice, such as that it can be a mistake to take out your bank manager to an expensive restaurant when you want a loan. But in a brief excursion into clubland his failure to spell Brooks's correctly suggests that he does not move effortlessly in all entertainment circles.

The author's dismissal of the value of working breakfasts is laudable, but he may be playing Canute against the trans-atlantic tide. Elsewhere, he suggests that journalists take longer over lunch than anybody else and tend to drink "because they lead a pressured existence."

But the best wines, apparently, according to Mr Greene, should be reserved for stockbrokers. Readers are advised, when taking them out, to "match the style and level of their entertaining, which is high."

Barry Riley

Inchcape's robust climb to power overseas

TWO CENTURIES OF OVERSEAS TRADING: THE ORIGINS AND GROWTH OF THE INCHCAPE GROUP
by Stephanie Jones. 328 pages.
Macmillan £29.50

THERE ARE few more impressive sights in the world, said James Barrie, than a Scotsman on the make. Particularly, it would seem in the world of international trade. In the last century the globe appears to have been covered by ambitious Scots, grabbing the levers of commerce from Zanzibar to Bombay and from Sarawak to the Gulf.

Among the most prominent was James Mackay. His first experience of overseas trade was in 1860, when his father took him on a flax-trading trip from Scotland to Archangel as a present for his eighth birthday. Half a century later he was to create the world's biggest shipping combine by merging the British & India Steam Navigation Company with P & O.

In later life, as Lord Inchcape, Mackay gave the pupils at his old school a robust view of their prospects at home. "Let me recommend you not to be afraid to go out into the world. There is no scope in Scotland for the energy, the brains, the initiative and the ambition of all the youth in this country. If there is no prospect for you here, the sooner you get away the better."

James Mackay, the first Lord Inchcape: "go abroad" was his advice to fellow Scots

For those who did, the returns could be spectacular. The Calcutta merchanting house of Mackinnon Mackenzie, set up in 1847 with an investment from its three young partners of £5,000, was making a net return on capital of almost 100 per cent after the first four years of trading.

A year later the partners had opened up in Australia, and within a further four years had invested heavily in steam shipping to run a mail service between Bengal and Burma.

Mackinnon Mackenzie was one of the companies eventually grouped together in one of the biggest British overseas traders, the Inchcape Group. A new history of Inchcape by Stephanie Jones, which traces the origins of the group's constituents in India, Australia, East Africa, the South China Seas and the Gulf, gives a vivid picture of what life was like for the nineteenth century pioneers.

The archives of the far-flung parts of the group are evidently in a remarkably complete state of preservation, and Dr Jones is justified in making wider claims for her book than a mere company history. "Most works on the growth of the British economy," she remarks, "concentrate on home-based entrepreneurs, ignoring the contribution of those who went abroad to market her exports and buy her imports." Her book sets that right, and comes up with a remarkable cast of characters in the process.

Tony Jackson

Handy guide to the takeover trail

ACQUISITIONS MERGERS AND
By Terence Cooke
Basil Blackwell, 302 pages. £35

THIS is a useful and timely book. While the takeover boom of the past few years has produced mountains of colourful newspaper cuttings and not a few racy volumes of personal reminiscence, there have been remarkably few general text books covering the field of mergers and acquisitions.

Mr Cooke, a lecturer in accounting at the University of Exeter, sets out to remedy this. He has produced a basic reference book which covers a huge subject in very broad terms and in very dry language, but he manages to pack a lot of information into a relatively small space.

His ideal reader is probably a senior executive in a company contemplating setting out on the path of expansion by acquisition or fearing that his company might be in the sights of a bid predator, but who knows little about the subject. (Certainly the price of the book suggests that it is aimed primarily at readers with healthy expense accounts.)

A particularly welcome feature of the book is its strong international dimension. Mr Cooke rightly points out that the British takeover scene should not be looked at in isolation and, where relevant, he injects into his text comparisons with the US and merger policy in other EEC and leading industrial countries.

The book is divided into five parts. The first examines the history of UK competition policy and merger trends, looking at the various theoretical reasons advanced to explain takeovers and assessing the empirical evidence as to just how well merged firms perform. Part Two outlines the framework of controls that governs takeover activity in the UK, Continental Europe, the US and Japan.

Mr Cooke then examines the techniques used by companies when assessing the desirability of a particular acquisition and looks at the problems involved in valuing both listed and unlisted companies.

Part Four summarises the taxation, accounting and other implications of a merger on employment and pensions, while the final section surveys various successful strategies for either defence or attack in a bid battle.

Mr Cooke does not provide any great new insights, but he does not set out to do so: this is meant to be a digest of the known literature and it succeeds as such.

In his attempt to cover such a large area he inevitably dwells only briefly on some interesting areas of current controversy. There is, for example, little discussion of the role of the corporate public relations adviser, who has come to play an important strategic part in contemporary UK takeover battles.

The book also lacks some of the flavour of a good takeover battle and the extent to which contests can be won or lost through poor day-to-day strategic decisions in the course of the contest.

Martin Dickson

BOOKS OF THE MONTH

Announcements below are prepaid advertisements. If you require entry in the forthcoming panels, application should be made to the Advertisement Department, Bracken House, 10 Cannon Street, EC4P 4BY—Telephone: 01-248 8000, Ext 4064. Order and payment for books should be sent to the publishers and not to the Financial Times.

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BUSINESS BOOKS

Colourful view of metal trading fraternity

METAL MEN—MARC RICH AND THE 10-BILLION DOLLAR SCAM
by A. Craig Copetas
Harrap, 224 pages, £8.95

THE DINING area was reasonably empty, so when he walked by, me I stood up and said calmly, 'Mr Rich . . .' but I never finished. He looked at me, frightened, his chill brown eyes flashing the agony of ripped flesh.

"Hunching over, he bounded quickly through the kitchen and then backtracked slightly to reach the bathroom. Marc Rich, the man whom the United States Justice Department privately called the most corrupt corporate executive in America, never returned to finish his lunch. He was gone.

"Marc Rich, king of the commodity cowboys, had heaved himself through the washroom window of a Zug pizzeria to avoid comment, leaving his blue cashmere overcoat, a Florentine leather briefcase and an unfinished lunch of capellini d'angelo and fileto al pomodoro on the table with Pinky Green. What you will read is the story of the man who escaped through that bathroom window and of the world he leapt into."

This colourful explanation by the author, New York journalist A. Craig Copetas, of how he failed to meet the man he was writing about, sets the tone for a remarkable book on a remarkable subject. When in 1983 the U.S. Department of Justice charged the oil and commodity trader, Marc Rich, with tax evasion little attention was paid initially since few people had even heard of the group.

But that soon changed as the case developed. The charges were widened to include racketeering, fraud and conspiring with the Iranian Government during the US hostage crisis. There was also a serious diplomatic rift between the Swiss and American Governments over the release of documents held at the group's international headquarters in Zug, Switzerland, where Mr Rich and chief lieutenant, Mr Pinkus "Pinky" Green, took shelter after being indicted in the US courts.

An apparent attempt to smuggle documents out of the US in a trunk, and some colourful comments by the judge concerned, helped the story reach the headlines. So did the enormous sums of money involved.

The company paid a fine of $50,000 a day from June 1983 to October 1984 without apparently blinking an eyelid. Eventually a compromise was reached under which the company paid $150m, one of the biggest fines ever for tax evasion in the US. With additional charges the group is estimated to have paid out around $340m. However, in spite of all the headlines the wall of secrecy surrounding the activities of large commodity trading groups, and Marc Rich in particular, remained largely intact.

The public were only given a tantalising glimpse of the powerful forces at work behind the scenes. Marc Rich remained a shadowy figure.

Mr Copetas, a New York-based investigative reporter, who had managed to establish some metal trading contacts, decided this was too good an opportunity to miss. Unable to penetrate the Rich group direct (executives there were threatened with the sack if they talked to the press) Mr Copetas decided to become a metal trader himself and expand the proposed book into a general exposé of the whole metal trading industry.

The writing could best be described as being in the purple prose tradition as practised by writers in popular American magazines . . . It is full of colourful descriptions and quotations culled from what it appears to be an extraordinary memory. The opening paragraph of Chapter I shows what to expect . . .

"City of London, core of the industrial trading world, had fallen prey to a damp North Sea winter. Numbing Arctic winds, gathering the bitter damp as they blasted across the Norfolk Broads, burrowed through the mist of schemes to buy and sell the Earth's crust like mud worms, sending London's metal traders in search of the nearest bottle of bonded bourbon. They all needed a drink. . ."

Followers of the London metal trading fraternity may have difficulty in recognising themselves from Mr Copetas' vivid descriptions, even if they are lucky enough to acquire a bottle of bonded bourbon. On his own admission Mr Copetas mixed in London with a small exclusive group of traders (known as the Hot Metal Kids) riding high on the boom at the time in specialised, strategic metals. He has evidently taken their somewhat unusual behaviour to apply to London metal traders generally under the collective description of "barbarians."

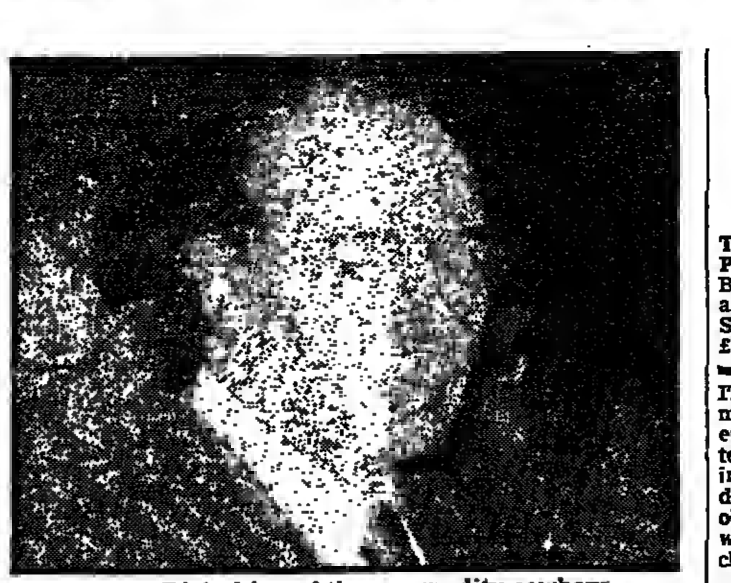
The distorted picture of the London metal trading does inevitably raise doubts about the accuracy of the whole book. So does the rich mixture of scandalmongering, and character assassination by colourful quotations, usually from unidentified "friends" or former colleagues.

(One example: "Marc gave paranoia a bad name," a trader who worked alongside him at Philipp Brothers said. "This was not a man who used urinals.")

However, Mr Copetas does seem to be on firmer ground in his own country. His explanations of the extraordinary workings of the American legal system in cases of this kind cut through a lot of the confusion.

In spite of the purple prose, and the obvious inaccuracies, the book does provide a real insight into the mysterious activities of the big commodity trading groups and the way they operate. It may not be a textbook, but it is absorbing to read provided you can stomach the author's somewhat bizarre style.

John Edwards



Marc Rich: king of the commodity cowboys

Looking back in anger at DeLorean

HARD DRIVING
by William Haddad.
W. H. Alleo, 256 pages, £10.95

WILLIAM HADDAD, who was John DeLorean's public relations man at the time the former General Motors executive cost the British Government $160m, says he had two purposes in writing this book.

The first was to publish his own "investigative exposé" of Mr DeLorean's financial affairs; the second to "explain and account for John's complex personality, his charisma and his ability to attract talented men."

On the first count, I do not think Mr Haddad has a very great deal to tell us. Although far from minutely familiar with the DeLorean sports car saga, I was certainly unsurprised by Mr Haddad's central allegation; that by setting up a moderately cunning maze of interconnected companies, Mr DeLorean constructed a plan to divert his investors' money—ie British taxpayers' money—via Switzerland into his own pocket.

Mr John DeLorean seduced by the dreamof fame and riches

This was, in essence, the claim made in 1981 by a disgruntled DeLorean employee, who leaked a memo written by Mr Haddad to a British MP. Just over a year later, John DeLorean was arrested for his part in an FBI-planned cocaine deal; he was later acquitted His financial affairs have since continued to unravel in the US courts.

Mr Haddad has much to be angry about. He, along with a number of other capable executives, were made fools of. But as one so heavily involved, Bill Haddad was never likely to write an investigative masterpiece; his anger had already led him to distribute his knowledge around the world's media. Hard Driving is a memoir, not an exposé.

As such, it tells us as much about the author as its subject. Like all good confidence tricksters, Mr DeLorean studied his market. A British Government desperate to deliver jobs in Ulster waa as soft a touch as the former Kennedy aide, turned investigative reporter and was keen to help build the "ethical car" (whatever that was supposed to be) under a new model of caring capitalism.

The problem with memoir ia that it does not follow up its own lines of inquiry. So that, for example, Mr Haddad's suggestive experience of dealing with the British police and Whitehall — who at first appeared for political reasons to parry Mr Haddad's anxieties — is researched to no particular conclusion. Mr Haddad knows what he knew at the time and has not really pursued the matter. The same goes for most of his account of DeLorean's US business dealings.

As for the assessment of Mr DeLorean's character, Mr Haddad's portrait again has the merit of being first-hand: the de-merit of lacking analytical depth. What the anecdotes tell us is that John DeLorean waa a man who grew up on the wrong side of the tracks in Detroit and who became seduced by the dream of fame and richea.

In his dealings with his staff, DeLorean was a dishonest bully, capable of using captivating liberal rhetoric about minority rights as fluently as he hired thuga and private eyes to protect his interests. In Mr Haddad's view this waa all "revenge against the system" by the backstreet kid rather

On the track of what makes a winner

THE WINNING PERFORMANCE
By Donald K. Clifford jnr and Richard E. Cavanagh
Sidgwick and Jackson, 218 pages £13.95

IT IS probably no surprise to most investors and entrepreneurs that the largest companies tend not to be the fastest growing. For super-growth, and indeed super-profitability, the obvious place to look is some way down from the biggest blue chips.

ICI may achieve above-average growth over a business cycle, but would be unlikely to double its growth rate even if its pharmaceutical division were to discover the next Zantac (and it has not done badly). Yet that one drug has made a star of the middle-sized, mature, and formerly unfashionable Glaxo. Furthermore, popular wisdom has it that much smaller companies than Glaxo are likely to be the main source of economic growth.

Indeed, the classic problems of young companies are those which flow from growing more rapidly than the balance sheet, or the management, can stand. Every accountant, or old-style branch bank manager, learns at his mother's knee that half the companies which survive their first cash-flow crisis are then broken by the original entrepreneur's inability to control all the details of expansion.

The Winning Performance looks at a number of middle-sized US corporations (defined as having turnover between $25m and $1bn) which have survived these and other painful transitions. With rather wide-eyed enthusiasm, the authors — both experienced management consultants — discover that sustained growth depends on an ability to surmount crisis, to adapt to changing conditions (including the changing demands on managers as the company grows) and on commitment to the job. It helps if there is an inspirational chief executive, though he may need to be changed from time to time, and it is just about essential that the growing company has a genuine market niche of its own.

In the US, where economies of scale have historically been accepted as the way to power in a huge national marketplace, this may well all seem a little bit more surprising than it does in the more fragmented business environment of the UK, let alone the EEC. Retailing and financial services apart, $1bn of turnover in Europe is unlikely to be achieved without very significant complexity and diversity: $1bn niches are rare.

Equally, it has been recognised for years by successful European managements that there is no longer any point in striving to be the largest and lowest-cost producer in crowded competitive markets. "Niche" and "commodity" have been antithetical management buzzwords for years; the takeover premiums paid by tired commodity managements wishing to diversify into so-called niches make the point.

If the broad message of The Winning Performance is familiar, some of the details repay attention. Growing businesses are likely to be "people" businesses which need to look after and motivate their workforce: "Any manager here who loses a key employee has failed the company," is an entrepreneurial attitude that UK plc is only beginning to learn. And the statistical evidence that if you study your customers' needs and have something to offer you can get terrific margins plus growth in static or declining markets is something that may possibly bring reassurance to worried students of Hanson Trust.

Jeremy Stone

Assertiveness without rancour

ASSERTIVENESS AT WORK
By David Stubbs
Pan Business Books, £.95

IF LACK of assertion is your problem, David Stubbs's book will not change your life. But writing as a member of the Institute of Personnel Management, he offers a lively and easily understood gambol through the subject which should, at the least, afford food for self reflection.

Aimed primarily at managers, it is a book that has a wider appeal for all employees who find that they are not always getting their message across in the best possible way.

Unlike many books of its kind this DIY manual on self-improvement is written by an Englishman without much of the US jargon which can be an anathema to many UK readers.

The reader is not presented with page after page of complex diagrams representing different forms of communication. Instead there are clear descriptions of varying forms of behaviour and their manifestations. After that come simple suggestions on how behaviour can be modified so as to elicit more favourable responses.

The goal is assertive rather than aggressive behaviour. The former is defined as standing up for one's rights without hurting anybody else while aggressive behaviour offends or violates another person's rights. There is also non-assertion, such as the typical British reaction of trying to avoid a scene.

"Flight, fight or resentful submission characterise the reaction of the British to many situations found in management of life," says Mr Stubbs.

While study of this manual will not provide the reader with the expert knowledge offered by a good management course it does offer some sound advice, peppered with numerous examples of how to use skills assertively. Even saying "no" is a common problem for many managers, says Mr Stubbs.

Listening skills are important, too, and Mr Stubbs offers a pithy chapter on the subject.

He gives the example of the Civil Service, where psychologists found that interviewers who gave supportive acknowledgement responses to candidates got one-third more information from them with the same questions than passive listeners were able to do.

Obvious psychology, it could be said, but a skill that many managers lack. "Listening is perhaps the easiest skill in life to put into practice but it is the one least encountered," Mr Stubbs asserts. His hints on good listening may not equip the reader to overwhelm his or her employees with a new understanding, but they are small signposts for those who want to hear.

Lisa Wood

BUSINESS BOOKS

IBM through rose-tinted spectacles

THE IBM WAY
by Buck Rodgers.
Harper and Row, New York. 225 pages; $17.95.

IT IS HARD to resist the temptation to compare IBM, the world's largest computer manufacturer, with an organised religion. It is a company moulded in the image of one man, Thomas J. Watson Sr., and his fundamentalist Methodist morality still dominates its business practices.

Yet William Rodgers, in his iconoclastic book Think (Weidenfeld and Nicholson 1970), says that Watson "saw himself, his company and the world of business as a corporate holy trinity to be worshipped by the faithful under his divine right to reward fidelity, exile heretics and rehabilitate the doubtful."

The IBM Way is a book by another Rodgers—F. G. "Buck" Rodgers, an IBMer for 34 years and, until his early retirement, vice-president of world-wide marketing—which does nothing to dispel the quasi-religious aura which surrounds the company.

Indeed, this book seems almost to invite comparison with the written witness of the great American evangelists. The dust jacket, illustrating Mr Rodgers neatly suited and with hands extended as if in blessing, inevitably recalls Mr Billy Graham, while the title, suggests that the contents are more concerned with truth and light than with hard-nosed management techniques.

To some extent that is what it does. Anyone looking for a genuine insight into the brilliant, profit-oriented techniques that have made IBM the world's most successful marketing company will be disappointed in The IBM Way.

What it does offer, however, is a fascinating glimpse of the attitudes and beliefs held by those people who fit easily into the IBM corporate structure and find themselves fulfilled working for such an organisation.

It must be said, first of all, that "Buck" Rodgers is, by all accounts, a fine example of the best kind of IBMer.

Katherine Fishman in The Computer Establishment (Harper and Row, 1982) notes: "Almost anyone who worked in the data-processing division under Rodgers will tell you there is no finer gentleman than Buck."

So it is all the more difficult to reconcile Rodgers's view of IBM with that taken by its customers and its competitors. He writes: "As far as I'm concerned IBM does embody those traits and characteristics that are usually attributed to the American hero: honesty, intelligence, courage, strength, thoughtfulness and gentleness. The 'I' in IBM could stand for integrity."

That passage gives a good idea of the general flavour of Mr Rodgers's thoughts about the company. They would seem to be at some variance from those of others who view IBM as the company which uses FUD (fear, uncertainty, doubt) to keep its customer in thrall as a marketing strategy *sans pareil*.

Can Mr Rodgers really expect to be taken seriously when he writes: "No magic formula or guarded secret keeps customers 'married' to IBM long after their equipment is installed and their check deposited. It's just that IBM approaches the customer after the sale with the same interest and attention as when he was the prospect to be courted."

The magic formula is software compatibility. Large companies change mainframe computer suppliers only as a last resort because of the costs and inconvenience of software conversion, and Heaven help the data-processing manager who moves from IBM and fails to keep his service up to scratch.

FUD is not restricted to IBM's customers: people at IBM run and run scared.

Mr Rodgers accepts this openly and writes: "While an employee's salary and job are secure so long as he or she performs effectively, no one has tenure at IBM . . . a person will be discharged, regardless of position or longevity, who violates the company's ethics, or falls down on the job *and fails to respond to assistance in correcting his or her performance*."

It is an echo, in fact, of the other Mr Rodgers's analysis in 1970, albeit from a completely different standpoint.

But there is a powerful precedent for "Buck" Rodgers's achievement in putting together what amounts to a series of slogans and homilies on the ethics of management. His old mentor and role-model, Thomas J. Watson Sr, generated volumes of the same kind of slightly sanctimonious sermons during his business life.

Alan Cane

Mr F. G. Buck Rodgers, an IBM-er for 34 years: retaining the quasi-religious aura of the company

Spreading the cause of share owning

FAIR SHARES—A LAYMAN'S GUIDE TO BUYING AND SELLING STOCKS AND SHARES
by Simon Rose.
W. H. Allen; 213 pages; £4.95

MANY HAVE tried; many have failed; to explain in simple, understandable terms for the *man or woman in the street* how the stock market works. Never has the need for such a book been greater.

Already the number of first-time shareowners has increased enormously following the privitiation of British Telecom and the growth of share option schemes for company employees. The proposed Personal Equity Plan, to be launched in January, and further privatisation offers in the pipeline, are likely to give a powerful push to the Government's ambition to turn Britain into a nation of shareholders.

Simon Rose is certainly well qualified for the task of illuminating the dark mystery of the Stock Exchange for the unitiated. A former stockbroker, he is now a financial journalist working for the BBC and a regular contributor to the financial columns in Punch. So one could expect just the right blend of non technical explanation, lightened with a touch of humour. On the whole that is what one gets.

However the author warns in the introduction that he is "rather opinionated" and makes it abundantly plain that he is *an ardent supporter of the stock* market. As a result there is a tendency to be less than critical, indeed downright defensive, about the risks and disadvantages in share dealings.

It is the kind of book that might well have been written by the publicity department of the Stock Exchange, except that it is written in a far more lively and light manner.

The somewhat racy headlines, and carefully chosen appropriate quotations at the beginning of each chapter set the tone for the author's view that share-owning should be viewed as "fun" instead of being too deadly serious.

Nevertheless, all aspects of shareowning and the role of the Stock Exchange are covered comprehensively with a sufficiently light touch to keep the beginner interested, although there are some dull patches. Figures and tables have been kept to a minimum. Unfortunately, as with many books of this kind, some of the information is already out of date or soon will be after the Big Bang on October 27 when, for example the commission rates outlined will no longer apply.

There is a brief chapter on the Big Bang and the future of the Stock Exchange squeezed in at the end of the book, but it hardly copes with the radical changes that are likely to take place.

More understandably there is no mention either of the Personal Equity Plan which may provide the main avenue of entry into the stock market for most small investors in the future. But these are minor points. The book does on balance achieve its purpose of being an extremely useful and readable guide for investors considering going into the stock market for the first time. At least they will have a much clearer idea of what they are getting into, even if some of the risk involved is somewhat played down.

John Edwards

The flotation that had to lift off

THE SELLING OF BRITISH TELECOM
By Karin Newman.
Holt, Rinehart and Winston, £15.95, 173 pages.

WHY DID 1.38m people dial 0272-272 272? Which prospectus consumed 1,200 trees? Which company's corporate awareness campaign achieved 99 per cent penetration?

Two years ago, the British Telecom privatisation band-wagon was really beginning to roll—or at any rate, the British Telecome exhibition train was pulling out of sidings in Truro to commence a six-week promotional tour of the country. There followed an extraordinary blast of market research, public relations, advertising and general hype.

We now face the prospect of something of a re-run with the flotation this autumn of British Gas. Already the marketing gimmicks are beginning to be promoted, with concessions being awarded to gas consumers, for instance. An awful lot more stands of timber are certainly doomed.

Karin Newman chronicles the BT campaign in painstaking and impressive detail. Public attitudes were monitored by the market research firm MORI over many months; PR promotions tackled every level, from tips for institutional fund managers to the appearance of Sun Page Three girls on three occasions holding telephones; and the final offer-for-sale advertising blitz had four stages elaborately code-named Alert, Maintenance, Action and Prospectus.

In a sense, however, Dr Newman's book forms a belated part of the original public relations exercise, because she devotes hardly any space to answering the key question about the BT flotation.

How, after a marketing cost of over £14m in the UK alone, the conducting of extensive public opinion surveys, the employment of droves of merchant bankers and City brokers, and the publication of an advance "pathfinder" prospectus, was the price of the issue so badly miscalculated?

Remember that the £4bn offer in November 1984 was subscribed four times over. The 50p paid shares opened on the first day of dealings at 95p, an immediate 90 per cent profit for the stags, and went much higher over the ensuing months.

American and Canadian investors did not wait before unloading the 8 per cent or so of the issue which had been allocated to them, so the offer amounted to a straight present to them of a profit of around £100m.

British investors proved rather more loyal; but, for all the talk of spreading share ownership, by May 1985, with 1.7m shareholders still on the register, the ownership pattern was typical of large British companies with 70 per cent in institutional hands.

The institutions which, the previous summer, had talked of the need for a high yield were induced in practice to drive up the price throughout the early months of 1985 in order to get nearer to target weightings within their portfolios, in line with the FT-Actuaries share indices.

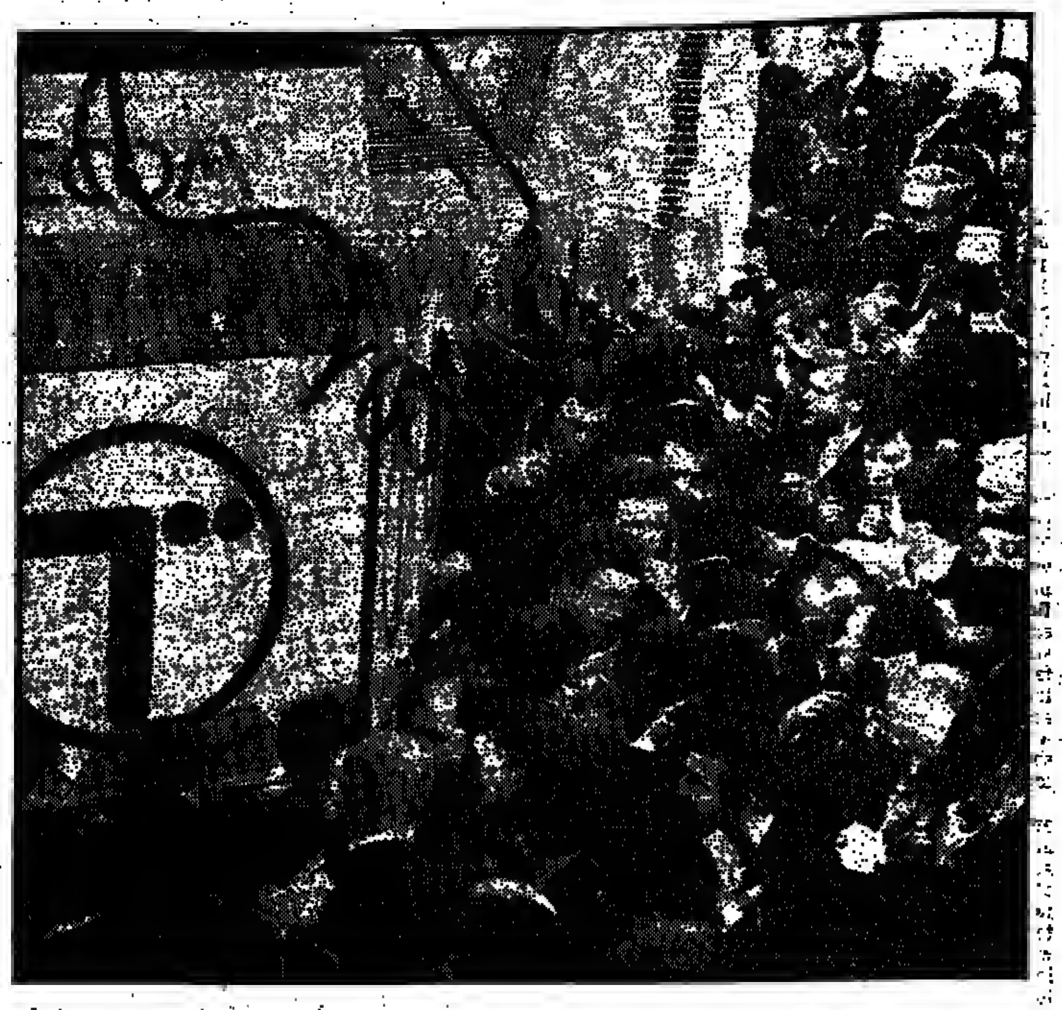
Dr Newman suggests that the scale of the advertising and promotion might, with the benefit of hindsight, have amounted to overkill. She questions whether the international part of the offering was really necessary, and at the other extreme, whether it was wise to allow BT to sidestep the normal prospectus advertising rules through direct mail shots.

But she does not really investigate the political pressures involved in the flotation. Plainly however, this was an offer which could not be allowed to fail. To what extent, it might usefully be asked, was the price pitched deliberately low in order to soften up the public so that they would be more receptive to future issues in the privatisation pipeline?

Alas, British Airways has subsequently failed to be given clearance for take-off, and Royal Ordnance, the munitions manufacturer, is the latest State company to have failed to negotiate the deceptively tricky transition to the private sector.

But now British Gas looms large, and the share sale this autumn is planned to raise between £1bn and £2bn more than BT's £4bn. To the man in the street, it could seem like BT all over again. But the Government is unlikely to want history to repeat itself.

Barry Riley



Enthusiastic welcome for British Telecom flotation on the Stock Exchange when the £4bn offer was substantially oversubscribed

Business booms on the back of a Bang

MORE THAN 47m Americans (out of a population of 233.5m) are shareowners, according to a 1985 survey by the New York Stock Exchange. The number has risen sharply in recent years, from just over 25m in 1975, and is almost certain to have increased substantially again this year given the boom conditions in the stock markets.

It is now almost daily news to hear of a record volume of shares changing hands on the New York stock exchanges where business is booming as prices climb inexorably higher. But all is not roses for the exchanges. They are facing strong competition from the fast-growing NASDAQ electronic over-the-counter traders and the problem of grappling with the "globalisation" of share dealings and the move towards round-the-clock trading.

Although both the New York and American stock exchanges are highly computerised, using all the modern technology available, they operate an old-fashioned auction market system that doesn't really fit in with developing trends. The rise in the number of shareowners, too, may be somewhat misleading in that the gain is almost entirely due to increased participation in equity mutual funds (unit trusts in Britain) by individual investors, no longer dealing direct.

The New York Stock Exchange (known as the Big Board) and its much smaller rival, the American Stock Exchange (Amex) operate in very much the same way. Shares in the companies listed are allocated to specialist member firms, who operate from designated "posts" on the exchange floor. The specialists match up buy and sell orders sent by brokers to the exchange floor by, in effect, conducting a series of auctions.

A buy order, for example, is put up for bidding and the highest wins. If orders are left unmatched, the specialist has to fill them at a realistic price.

The great advantage is that there is always an available market, unlike the system used for NASDAQ over-the-counter trading where dealers may simply withdraw if they are not interested in a particular stock.

So far there are no signs of the traditional stock exchanges having any real difficulty coping with the huge increases in the volume of business. However, the number of companies listed on the over-the-counter market has risen rapidly in recent years and now greatly exceeds those traded on the traditional exchanges.

At the last count, the number of NASDAQ listed companies was over 3,000 while those on the NYSE and Amex have remained fairly stagnant over recent years at 1,540 and 945 respectively with mergers and acquisitions roughly balancing the number of new companies qualifying for listing on the exchanges.

The difference is in the size of the companies and value of

John Edwards takes a close look at US share dealing and its markets.

the shares listed. Basically, there are three separate markets. The leading, biggest companies are listed on the Big Bord (the New York Stock Exchange)—by far the most dominant exchange with a daily average share turnover this year of over 110m shares. Second league companies list on the American Stock Exchange, where daily turnover has just reached 13m shares average, while third down the table are the smaller over-the-counter stocks traded via the NASDAQ screens.

There are very few double listings on different exchanges, but some of the bigger companies, who would qualify for the Big Board, have opted to remain listed on Amex and NASDAQ. On balance, however, it is a company's ambition to reach a size where it becomes eligible for trading on the New York Stock Exchange.

At the same time, there is the Intermarket Trading System (ITS) which links the New York exchanges with other stock markets throughout the US—Boston, Cincinnati, Midwest, Philadelphia, Pacific Coast exchanges and NASD. The system enables the buyer or seller to get the best price available at any particular time on any of the exchanges simply by consulting a screen. In 1985, the ITS share volume jumped by 20 per cent to 1.4bn shares.

The New York Stock Exchange has been discussing a possible joint venture with the London Stock Exchange for some time, so far without any firm conclusions. However, recognising the increasing internationalisation of trading in world-class securities, the NYSE has established an advisory committee made up of chief executives from major European companies. It has also changed its listing standards to help more foreign companies into the Big Board.

Richard Torrenzano, communications vice president, claims that there has never been more interest in listing or trading on the exchange.

The American Stock Exchange (Amex) is prospering, too, in spite of being overshadowed by the Big Bord. It, too, is trying to build up overseas interest. Last year it established a link with the Toronto Stock Exchange, and earlier this year it reached an agreement with the European Options Exchange in Amsterdam for its Major Market Index (MMI) options contracts to be traded there.

The MMI Index, which is based on stocks listed on the New York Stock Exchange, is used as the basis for the index futures contract on the Chicago Board of Trade and is an important part of Amex's successful push into the fast-expanding options market.

At the same time, Amex hopes that under a deal with Instinet Corporation its shares will soon be available for trading by European investors at the touch of a button. Instinet is to be linked up with the Reuter terminals throughout Europe, thus providing easy access to the Amex automated order systems.

Kenneth R. Leibler, Amex president, says that the Big Bang in New York ten years ago deregulating the markets has been very healthy for the industry. If London follows the same pattern he sees three main developments:

● Consolidation of companies into larger and larger units to spread the overheads over a wider range.

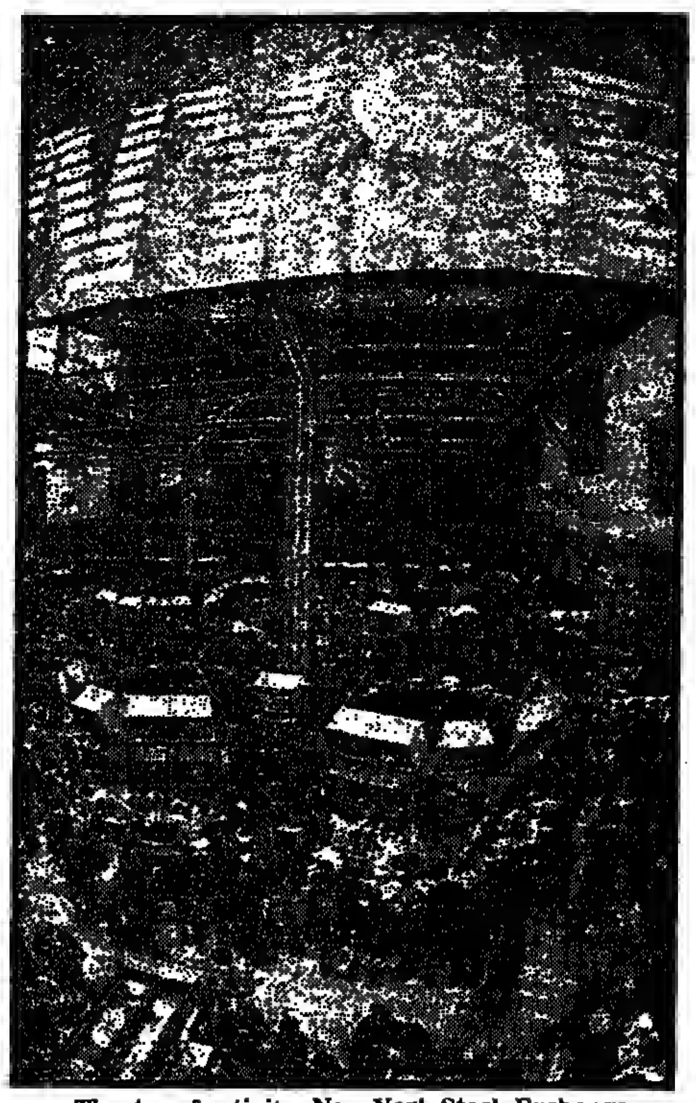
● The emergence of discount brokers, offering cut price commissions primarily for handling orders and not providing any research.

● Acquisition of brokers by other companies, outside the Stock Exchange, to provide the enormous capital sums required by market makers.

● Lower commissions for institutional investors giving them greater flexibility and encouraging them to trade more. Significantly, perhaps, the increase in private investment has been channelled almost exclusively via the mutual funds, who are in a strong position to negotiate cheap commissions.

There is little doubt that there have been some radical changes in US stock exchanges since their version of the Big Bang (known as May Day since it started on May 1, 1975) but there is no sign of any lasting harm being done. Quite the reverse. More people than ever are trading stocks in one form or another and investors are generally doing very well, enjoying the boom conditions.

The recent "insider" trading revelations have caused some concern about how badly the image of the stock markets will be affected. However strict the regulations imposed by the Securities and Exchange Commission, it recognised that some loopholes will remain. What is worrying about the recent revelations is the size of the amounts involved and the possibility of it being far more widespread than generally supposed. But no one is too worried while everyone is still making money.



Theatre of activity: New York Stock Exchange

Over-the-counter deals grow in value

THIS year's boom in US stock markets has provided the stage for further impressive growth by the over-the-counter markets operated by the National Association of Securities Dealers Inc. or Nasdaq. While still dwarfed in terms of dollar trading value by the New York Stock Exchange (NYSE), Nasdaq has sustained a growth trend far outpacing all its competitors.

Moreover, Nasdaq, which has since April been engaged in a two-year pilot project on joint share quotations with the UK Stock Exchange, has moved early in the competition to create a global share market. Its trading system, under which 500 accredited firms make markets in about 4,800 securities, has been taken as a pilot for the new UK securities trading system to be created by the Big Bang later this year.

The Nasdaq system operates through nearly 15,000 quotation terminals, of which 135,000 are already located outside the US. The terminals carry quotations for all stocks on the system, but also show real time trading in the 2,200 leading securities traded under the Nasdaq/NMS, or National Market System. Nasdaq's share volume soared by 43 per cent to a record 7.3bn shares through the 30bn share mark for the full year.

This year has, of course, been a banner year for the US stock markets, but Nasdaq has maintained high growth rates for more than a decade. For 1985, share volume grew by more than 25 per cent to exceed 20bn only as recently as 1975, Nasdaq turnover was a mere 1.4bn shares. Daily turnover has on occasion surpassed that on the NYSE—measured once again in terms of shares traded.

In terms of dollar value the story is not quite the same, but it is still impressive. Last year, Nasdaq dollar volume, at $233.5bn, was a distant second to the NYSE total of $970.5bn. But on the world scale Nasdaq rated well above London ($68.7bn), West Germany ($59.1bn), Zurich ($55.3bn) or Paris ($17.2bn) and was beaten only by the mighty Tokyo market which traded $315.6bn of equities.

The introduction a decade ago of the Nasdaq/NMS has speeded the maturing of the over-the-counter (OTC) markets, once regarded as a second-rate and slightly suspicious area of securities trading. To this end, Nasdaq has refined its share price reporting systems in order to present itself as a suitable market for the big institution

Terry Byland, of the FT New York office, reviews small investor trading in a bull market

as well as the smaller private investor.

Institutional participation, measured by the conventional yardstick of transactions of blocks exceeding 10,000 shares, rose to 41 per cent of Nasdaq's total 1985 turnover, almost as high as the 50 per cent of turnover on the NYSE. More significantly, the institutional participation on the two markets has now ridden in tandem for several years, rising and falling in unison as bull and bear market phases attracted or discouraged the big investors. No longer can the OTC areas be dismissed as merely the little man's bull market.

Not that the small man, who is clearly a significant force in OTC markets, has done at all badly in the latest bull phase on Wall Street. The Nasdaq market yardsticks, the OTC composite, National market composite and National industrial indices provided significant evidence of the underpinning of the equity boom by private investors, and are now bumping against their peaks.

In one significant sense, the Nasdaq indices have sometimes provided a more reliable guide to the underlying trend. The Dow industrials, the Standard and Poor's 500 and the major market index of the American Stock Exchange have all suffered significant distortions in recent months, when pressures from their futures contracts have triggered massive trading programmes. The Nasdaq market has been spared this, if only because futures on its own indices have been less than successful.

On this basis, Nasdaq is strengthening its claims to be an important contributor to the emerging world equity market. Its list of 282 quoted American Depositary Receipts and foreign securities is triple the combined total of foreign stocks on the NYSE and the American Stock Exchanges, partly because of its success in attracting the rush of Japanese companies seeking a US listing in the 1960s and 1970s. Last year, trading of 1.4bn American Depositary Receipts and foreign securities on Nasdaq represented about $12.5bn.

The Nasdaq/London link is an important step in Nasdaq's intention to be in the forefront of international equity trading. Its exchange of almost 600 quotations, involving real time quotations on a range of international and Nasdaq stocks, means a significant opportunity in terms of market making. At a time when fund management is becoming an increasingly international operation, it promises to open the door for the entry of the world electronic market place.

CHESS

EVERYBODY HAS heard of Bobby Fischer, but arguably the man most responsible for the flourishing state of US tournament chess just now is not that eccentric recluse but Bill Goichberg.

Goichberg a quietly-spoken New Yorker in his forties, has promoted chess for more than a decade. He has been a brilliant innovator, providing a ladder of competitions for young talent to reach the top without any hacking from corporate sponsors. Some of the best US players are proud to call themselves "Goichberg creations."

His Swiss system tournaments are run on the principles of fast and efficient pairings, pleasant hotel playing sites, $100-plus entry fees, and prizes large enough to attract the top grandmasters in America.

Centrepiece of the Goichberg tournament empire is the annual World Open, held on the July 4 weekend since 1973 and with lower sections which cater for everyone down to novice and beginner. Last year's open attracted 1,250 competitors for a record non-world title prize fund of $150,000. They played at the elegant Adam's Mark Hotel in Philadelphia, which will again host the event next week.

By nightfall on July 6, the open competitors will have finished nine games (with the chance of internationally recognised titles and norms) and the lower sections eight. There will most likely be several major upsets as the unknowns seize their chance to make a reputation in a weekend.

Goichberg came into chess early in the 1970s when the US Chess Federation, flush with prosperity from the Fischer boom, was investing in prestige all-play-alls and in sending young players to the European circuit. Goichberg showed the policy could be carried out at much lower cost through title and rating tournaments on a regional basis, and that it paid to give special opportunities to rising talent.

In 1976, he caused a furore by inviting Joel Benjamin, then just 12 years old, to an international. One outraged grandmaster tried to have the event disqualified by FIDE but time proved Goichberg right: Benjamin is now a 2,500-plus GM and was runner-up in the 1985 US championship. Recent FIDE statistics show that the US now has more internationally rated players—many of them established by Goichberg events—than the Soviet Union.

Another vital but unsung Goichberg novelty is to make it easier for late entrants who find themselves free to compete only a few days in advance. Thus, you can personally enter the 1986 World Open at the Adam's Mark any time between today and the first pawn push on July 2. The hotel and its neighbours have special chess player rates and rooms can be booked on (215) 581-5000.

Bobby Fischer will not be there but last year's Open was a roll call of US grandmasters—New York Times editor Byrne, the legendary veteran Reshevsky, reigning US closed champion Alburt, world junior champion Dlugy and world title candidate Benko.

The crock of gold for a newcomer is either first prize (and thousands of dollars) in the rating-limited lower sections, or an improbable victory over a grandmaster in the World Open.

In this week's game from the 1985 event, the loser is a GM and the winner a 14-year-old schoolboy.

White: A. Sherzer. Black: S. Kudrin. Sicilian Defence (World Open 1985).

1 P-K4, P-QB4; 2 N-KB3, P-Q3; 3 P-Q4, PxP; 4 NxP, N-KB3; 5 N-QB3, P-KN3; 6 B-K3, B-N2; 7 P-B3, N-B3; 8 Q-Q2, 0-0; 9 B-Q4, B-Q2; 10 P-KR4, P-KR4; 11 0-0-0, N-K4; 12 B-N3, R-B1; 13 B-N5, R-B4; 14 P-N4, PxP; 15 P-B4, N-B5; 16 BxN.

This is a highly analysed opening, and all the moves until here are book. White's natural capture varies from the normal 16 Q-K2.

16 . . . RxB: 17 P-K5, N-R2; 18 Q-Q3, RxN (Q5)?

Exchange sacrifices of this rook for White's knight or bishop are routine, but in the present instance it turns out badly—better P-QN4.

19 QxR, B-QB3; 20 N-Q5, P-B3? (NxB was necessary); 21 Q-B4!

The decisive move, forcing Black's king to the firing line of White's rook. If 21...PxB: 22 NxKP dis ch, K-R1; 23 NxP mate.

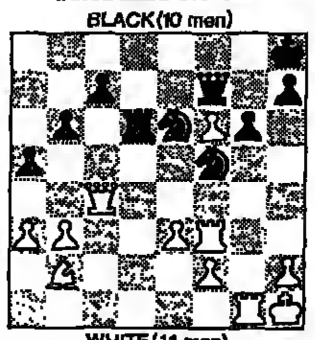
21...K-R1; 22 P-R5, PxRP; 23 RxP, B-K1; 24 RxN ch! KxR; 25 R-R1 ch, K-N3.

If B-R3; 26 BxB, R-B3; 27 P-K6.

26 P-B5 ch! KxP (or KxB; 27 Q-B4 mate); 27 N-K3 ch, K-N3 (if KxB; 27 QxP mate); 28 QxNP, K-B2; 29 P-K6 ch, K-N1; 30 B-R6, Resigns.

PROBLEM No 626

BLACK (10 men)



WHITE (11 men)

Fischer v Andersson, Siegen olympiad 1970. A rare instance where Bobby Fischer (White, to play) failed to find the best move. Fischer chose 1 B-K5, and the puzzle is to work out the stronger continuation he missed.

Solution Page XXIV

Leonard Barden

BRIDGE

THE UNITED STATES won the Bermuda Bowl, held last year in Sao Paulo, beating Austria in the 176 board final by 397 IMPS to 324.

The first hand today, taken from that final, is largely a question of bidding:

N
♠ A 9 6 5 3
♡ 5
◇ 10 6
♣ K Q 9 7 5

W
♠ K Q 8 4 2
♡ A J 10 6 3
◇ 9 4
♣ 10

E
♠ J 10
♡ K 9 8 7
◇ 7 5 3
♣ 6 4 3 2

S
♠ 7
♡ Q 4 2
◇ A K Q J 8 2
♣ A J 8

Let us start by seeing what happened in one room, where America sat North-South. With neither side vulnerable, South dealt and opened the bidding with one club, promising 17+ points. West overcalled with two diamonds, another conventional bid, which announced the holding of a major two-suiter. North replied with three clubs, East said three hearts, and South raised to four clubs. West now said four hearts, North four spades, and South five clubs. Then North, knowing that the opener must have powerful diamonds, decided to bid the small slam in clubs, and hearts, but South gathered in the rest of the tricks.

In the other room the Austrian South also opened with the same conventional one club.

This time West overcalled with one diamond, a bid which promised both major suits or both minors. North replied with one spade. East said three clubs, South bid three diamonds, and West competed with three hearts. This was passed up to South, who bid three no trumps, which became the final contract.

West led the heart knave, the king won, and East returned the seven, covered by the queen, and taken by the ace. Now West was careful to return the three — essential to avoid blocking the suit — the eight won, and the nine was led back to defeat the contract. America gained 14 IMPS on the hand.

My second example is taken from the dramatic semi-final, in which America beat Brazil by 9 IMPS, 351 to 342:

N
♠ J 2
♡ K J 9 6 2
◇ Q
♣ A K 10 4 3

W
♠ 10 6 5
♡ 5 4
◇ K 10 6 4 2
♣ Q J 6

E
♠ A Q 7 3
♡ A 10 8 7 3
◇ 9 7
♣ 8 7

S
♠ K 9 8 4
♡ Q
◇ A J 8 5 3
♣ 9 5 2

North dealt with both sides vulnerable and bid one heart. South replied with one spade, raised South's rebid of two no trumps to three.

West's diamond four was won by dummy's queen, and the return of the heart two was won by South's queen. The club two was led to dummy's ace—if the ten is finessed, the defence is finished — and the heart king was returned to East's ace, South discarding a diamond.

East now made the inspired lead of the spade queen. The declarer covered with his king, and returned a club, West played the knave, and dummy ducked. West led back a spade to his partner's ace, and a third spade was won by the ten. West switched to the club queen. This endplayed dummy, for after the club winners were cashed, the heart knave gave declarer his eighth trick, but East's ten was the setting trick.

East's brilliant play of the spade queen, by removing South's entry in time, had prevented him from scoring his diamond ace.

E. P. C. Cotter

FINANCE & THE FAMILY

John Edwards on the US equivalent of unit trusts

Where the feeling is mutual

SMALL investors in the US have increasingly turned to mutual funds (the American equivalent of unit trusts) in recent years; so much so that there has been an explosion of interest far exceeding that in the UK.

In the past 10 years, the number of US mutuals has tripled to more than 1,500 and the value of assets held has surged from $50bn to nearly $600bn. These figures include the money market funds, which were a prime factor in triggering off the movement towards mutual funds in 1979 after a long, dull period when the industry was stagnating.

The boom in the funds really got under way in 1979 when the high interest rates persuaded many small investors to move their funds out of the traditional "passbook" savings accounts, offering modest rates of interest, into money market funds offering much higher returns.

A further massive fillip was provided in 1982 with the extension of the IRA (investment retirement accounts) scheme to the employed sector, offering attractive tax incentives to investors.

Money market accounts still account for about 50 per cent of all mutual funds, measured in assets, but in recent years there has been explosive growth in equity and bond funds, encouraged by the boom in the markets.

Many small investors, who believe the markets are dominated by the big institutions and are scared of the risks involved in direct share dealings, are apparently opting to cash-in on the stock market boom indirectly via the mutual funds. In the main, they have been doing very well and achieving high returns.

The prime performers at the moment are the global and international funds (global means investing in US and overseas markets; international just overseas) stimulated by the weakness in the dollar. As one Wall Street fund manager put it: "With the currency gain, you can almost throw darts and still make money from international funds at the moment."

Another booming area is funds investing in health companies while income funds retain a large measure of support, particularly from investors who have switched out of savings and loans or low interest "passbook" bank accounts.

At present, it is estimated that a new fund is being started every day, even though the cost of setting it up is considerable—around £100,000 — in order to ensure it complies with the strict regulations laid down by the Securities and Exchange Commission. There is also what is known as the "blue sky" problem in that funds have to be authorised in each State separately.

Nevertheless, these costs are a flea bite compared with the huge size of some of the funds—Fidelity's Magellan fund, for example, has assets of some $7bn.

To help cover these costs, some of the funds charge up to 8.5 per cent front loading (initial charge) and hefty annual management fees as well. But a growing number, now equal to about half the total, are so-called "no-load" funds with no initial change made.

Some of these are genuine no-load funds which recoup the costs by imposing higher management fees and redemption charges. However, a large proportion of them are not quite what they say.

True, there is no initial charge, instead, they impose what is known as a 12b-1 distribution plan. This is a reference to the fact that Rule 12b-1 of the Investment Company Act permits a fund to pay certain expenses associated with the distribution of its shares.

These "expenses" include virtually all the marketing costs normally covered by the initial charge. Often, a percentage limit—say, 0.5 per cent annually of the fund's net assets—is set but the charges imposed in this way can be even higher in some cases.

Promoters of these no-load funds claim, however, that this method of charging the investor has the advantage of all his money being utilised immediately instead of being reduced by an initial deduction. It takes some years for the extra expenses and management charges to catch up with the front load deduction.

One major US financial services company, Shearson Lehman, is looking into the possibilities for launching a no-load fund in Britain soon.

Another growth area in the US is "closed-end" funds, which are somewhat similar to investment trusts in Britain. They are particularly popular for investing overseas and specialised markets where access may be limited and the fund manager needs to be able to maintain an underlying portfolio instead of possibly being forced to raise capital.

A good example was 1961 when the Japanese first permitted foreign investment in their stock markets, but only of a controlled amount initially. A consortium of brokerage houses launched the Japan Fund, which was listed for trading as a stock on the New York Stock Exchange. It was a great success in providing US investors with an early entry into the Japanese market.

Since then, several other similar closed funds—the latest one for Korea—have been launched and have attracted considerable support. The concept has been spread wider to include specialised sectors, and more accessible country stock markets, where a closed-end fund is believed to have an advantage over the normal open mutual fund.

Unlike British investment trusts, most of the US closed-end funds trade at a premium to net asset values, reflecting their popularity, although some of the older US diversified stock funds still have hefty discounts. The danger for them is that shareholders can force them to become open-ended so that they can redeem their shares at the net asset value.

Like investment trusts in Britain, closed-end funds in the US have nowhere near the following of mutual funds but, in many cases, are probably a better bet for investors.

US MUTUAL FUND PERFORMANCE

Type of fund	% change (31/12/85–19/6/86)
Capital appreciation	+20.19
Growth	+18.08
Small company growth	+19.55
Growth and income	+15.63
Equity income	+12.02
General equity (funds av)	+17.59
Separate categories	
Health	+29.78
Natural resources	− 0.62
Science/Technology	+12.95
Utilities	+15.07
Speciality	+21.09
Global	+21.50
International	+28.53
Gold orientated	+ 1.33
All funds—average	+14.06

Source: Lipper Analytical Services

John Edwards looks at America's giant Prudential Company

Playing the field

HOW DOES one of the world's biggest single private investors look at international markets?

The Prudential Company of America, which has no connection at all with its namesake in Britain, has assets of $115bn. It is a massive investor in US domestic markets, but has also become a major player in the international scene. Funds targeted for non-US equity and bond markets jumped to $28bn in 1985 compared with $3bn in 1982.

Walter Wermly, of the international operations division at Prudential's headquarters in Newark, New Jersey, says that the surge in investment overseas is not a sudden change of policy but a momentum that has been building up. It was part of the reduction of risk by diversification.

Prudential's policy is to look for cheap stocks worldwide—the liquidity of the local market is taken into account to ensure the stock can be bought and sold without problems.

It operates in 20 different countries and aims to pick out the 200 best buys at any one time. This involves much research into company accounts and reports, as well as through broking and banking contacts, to keep the in-house database on more than 1,300 companies constantly updated. Adjustments are also made to enable direct comparisons between shares in different markets to ensure that all factors are taken into account.

There is constant monitoring of the portfolios, with a daily printout of possible opportunities. No committees are needed to authorise investment decisions so individual fund managers can move quite nimbly if changes are thought necessary. However, the funds are normally fully invested so the cost of switching out also has to be taken into consideration.

Mr Wermly, like most other US fund managers, thinks that the Big Bang in London will be good for the market. He recognises that there will be casualties, as well as survivors, but claims that the end result will be beneficial in making London more efficient and competitive. Commission rates for the big investor, at least, will decline and there are likely to be more market makers as a result of mergers and new players coming in through acquisitions.

On the plans for more investor protection in London, he is concerned that the increased restrictions imposed may lessen the flexibility to trade.

Last year, international funds were the star performers in the US, helped by the decline in the value of the dollar and the boom in foreign stock markets. This year so far, the performance has been even better with returns of up to 50 per cent gain on capital in the first half alone.

The IRA runs out of incentives

As Britain introduces a plan to boost share buying, the US might axe a similar scheme

JUST AS Britain is introducing a scheme (the Personal Equity Plan) offering tax incentives to encourage share buying, so the US is proposing to scrap, or more likely modify, a similar scheme.

Known (unfortunately as far as Britons are concerned) as the IRA—the investment retirement account—the US scheme is different to the proposed UK Pep plan in that it allows tax deductions on the amount put aside for investment, up to a maximum of $2,000 a year, instead of just on the profits made from the investment.

Although the IRA tax concessions are considerably more generous than the British plan, it is essentially a tax deferment scheme. There is a ban on withdrawals (except at penal tax rates) until the investor is 59½ years old. After that, withdrawals are discretionary up to the age of 70½, but must start then.

The withdrawals are taxable as ordinary income. The big attractions of the scheme are that investors are allowed to defer paying tax until well into the future, at a time of their choice when they are likely to be in a lower tax bracket, while in the meantime the income on the investments rolls up tax free.

Not surprisingly, the IRA scheme has proved immensely popular since it was widened in 1982 to include the employed sector after being confined to the self-employed (just like personal pensions in the UK at present) previously. A fanfare of publicity from the US savings industry, pointing out the advantages of the scheme, brought in a flow of money, initially into banks and savings and loans money market accounts, but later into equities and bonds once interest rates started to decline.

So why, if the IRA scheme has proved such a success, does Congress want to change, or even abandon, it. The answer is that, as many people fear will happen with the British personal equity plan, the evidence suggests that the scheme is not helping the lower income groups it was supposed to encourage to bolster pensions.

Instead, the main beneficiaries have been the well-off sector, which has taken advantage of it as just a further form of tax shelter. The more tax you pay the greater the benefit of the scheme. The other beneficiaries, of course, are the banks, other savings institutions, brokers, the stock market and in particular mutual fund (unit trust) companies. However, while they have enjoyed a bonanza some brokers are now worried that, perhaps, too much money is being channelled via the IRA scheme and the amount of funds involved will become unwieldy.

It is considered politically impossible to abandon the scheme entirely, even though that is one of the proposals being suggested in Congress. The more likely result is that extra restrictions will be imposed, limiting the IRA scheme only to those with no other forms of tax shelter.

This ties in with the overall tax reform proposals to offset a reduction in the rate of tax with the withdrawal of many of the allowable deductions that can be used to reduce liability

J.E.

BRIEFCASE

I AM planning to go to the United States later this year and hope to work while I am there. My line of work would allow me either to be employed by a company or to operate as a freelance. How do I go about applying for a Green Card? For Green Card purposes, is self-employment regarded more favourably than working for a company? I hope to work there for about 18 months.

SINCE you only intend to work in the US for about 18 months, you do not need, and are unlikely to get, a Green Card. Green Cards are issued only to holders of immigrant visas which are extremely hard to obtain unless you have close relatives in the US or under very special circumstances. Holders of Green Cards are entitled to all the advantages of citizenship barring the right to vote. Consequently, Green Cards are, more or less, granted only to those planning to take out US citizenship in the long run.

Your better option is to apply for a non-immigrant visa and temporary work permit. The category of visa you obtain depends on your qualifications, type of work and personal circumstances and permits can cover periods of weeks, months or years. It is probably easier to obtain the type of permit you need if you have a job to go to as an employee.

In the first instance, you should contact the non-immigrant visa section of the US Embassy in London detailing your plans, circumstances and qualifications.

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INTEREST is *not* paid by the Bank of England on "frozen" dividends, as indicated in last Saturday's Weekend FT. No payment of dividends for individual accounts is received by the Bank from the Treasury until the relevant warrants are presented. No interest is, therefore, accumulated by the Bank.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

US brokers urge a riskier course

IT HAS been claimed that one of the reasons why the Wall Street Crash of 1929 was worse than it might have been was that private investors in the US could buy shares "on margin," only paying cash for 10 per cent of the cost of their share purchases. Stockbrokers loaned the remaining 90 per cent of the cost, using their clients' shares as security for the loans.

I was therefore somewhat surprised when I first started using a US broker, to be urged to buy shares "on margin" myself; told that millions of Americans still buy shares this way. However, unlike 1929, an investor now has to put up 50 per cent of the share purchase cost. I resisted the temtation of my broker's offer of a loan.

British stockbrokers do not offer such a "service"—but the London Stock Exchange does have one significant advantage over American procedures. When I buy US shares I have to pay for them (like everyone else) within a maximum of seven days. In Britain the "settlement day" for UK shares can be as much as two or three weeks after the shares have been purchased. This offers considerable scope for making a profit without having to put up any money first.

For example, on May 12 I bought shares in the UK company Times Veneer at 17½p each, and I did not have to pay for them until June 9. By May 23 Times Veneer had risen to 24p; I could then (or at any time up to May 30) have sold all my shares without having to pay out any money at all. Instead I would have received a cheque from my stockbroker for the profit I had made.

Investor's tales: Kevin Goldstein-Jackson looks at different approaches by stock brokers

This would have been imposible with a US share using a US broker. In fact, I only sold a part of my holding in Times Veneer on that day, as I believed that the share price would go higher. It did.

Another difference between the two markets is the apparent emphasis in the US on companies producing good quarterly results. In the UK the emphasis is much more on half-yearly and yearly figures. This is possibly explained by the difference between US and UK brokers' views on what constitutes "short term" and "long term."

My US broker has defined "the near term" as "from nil to five weeks," "medium term" as "from five weeks to six months" and "long term" as anything "more than six months."

I believe that a British broker's definitions of the same terms would give somewhat longer periods of time—at least until the "Big Bang."

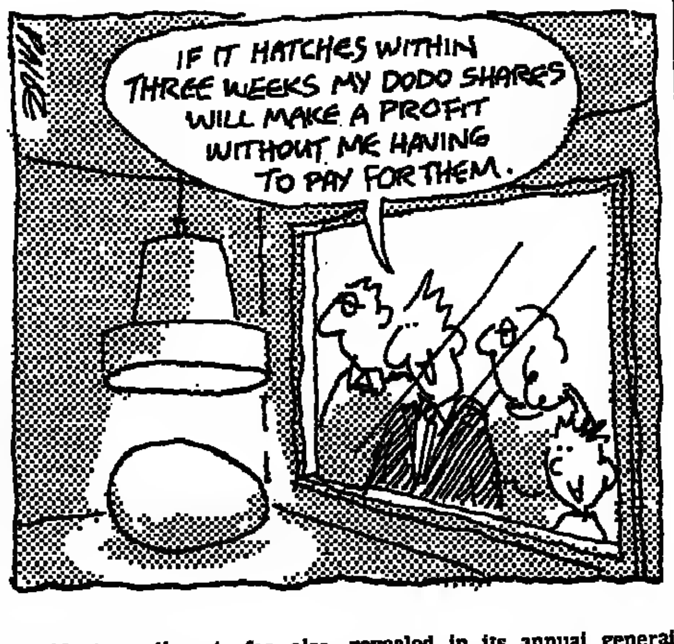
Personally I feel there are shares in the US well worth holding for over a year. For example, on January 20 this year I bought shares in Amfac for $24¼ each. They rose to over $28, but I am keeping them. I feel they will go higher; Amfac looks as if it will either be taken over or continue to turn itself around. In 1983 it reported losses of $68m, in 1984 losses of $14m, but in 1985 it turned in a profit of $17.9m.

Amfac has numerous interests. These include holiday resorts in Hawaii, California and Arizona. As Americans do not seem keen to leave the US for holidays this year, resorts should do well. Amfac also owns over 50,000 acres of Hawaii, which is held in their books at very conservative valuations.

Amfac (like many other US companies) provides detailed biographical information about all its directors. With the notable exception of Vickers, none of the UK companies in which my wife and I are shareholders provides such information about all its directors. (It is, however, unlikely that UK directors will have such lovely names as Amfac's Chauncey E. Schmidt, Myron Du Bain and Daggett Harvey Jr!)

Americans also seem more keen to reveal details of relatives' connections with directors. The large US entertainment corporation, MCA, revealed in its annual general meeting Notice to Shareholders this year that "a sister and brother-in-law" of one of its vice presidents "are employed as a producer and writer" on certain television shows produced by MCA, and the "aggregate compensation" received by those relatives for their work in 1985 "was approximately $230,000."

I can think of quite a few UK companies where shareholders might be amazed at how many relatives of directors have profited from their companies. To get the best of both worlds, perhaps companies in Britain should provide more details about their directors' relatives' interests, and the US could adopt the UK's Stock Exchange accounting periods.



Optimism reigns

THERE ARE many success stories around Wall Street at present. The stock markets, like London, have prospered from a prolonged boom ever since 1974, with only one or two periods of mainly technical "corrections." Last month saw the biggest-ever daily decline in the Dow Jones Index, but the reduction in percentage terms was relatively minor and the market has soon recovered confidence.

One Wall Street veteran fund manager who believes the boom will continue is Max L. Heine, who started trading in 1937. He notes that Wall Street has been on the uptrend for the past 50 years, with only a few "interruptions." Nowadays, he claims, there is so much money around that the underlying upwards trend is likely to be sustained.

Over the next six months, Mr Heine sees some uncertainties after the recent "tremendous advance" in prices to record levels. It could take some time to absorb the likely profit-taking, and there is likely to be some nervousness about the proposed taxation changes being considered by Congress. The result of the Congress debate could give a green or red light signal to the stock market in the short term, according to Mr Heine. But he is bullish about prospects in the longer term.

He is equally optimistic about the prospects for the London market. Although there are signs of "tiredness" at the moment, Mr Heine predicts that the Big Bang in October will bring in a lot of new investors, especially from the US, who tend to be buyers rather than sellers—"they are not used to being short." This is likely to drive prices up, with a possible reaction early in the new year.

The three mutual funds, run by Mr Heine's company, invest only in the London and New York markets, with some 10 per cent going to the UK where the company has some good contacts. Their trading activity in London may well increase after the Big Bang, with the prospects of being closer to the market makers and paying less commission, although the payment of any stamp duty is seen as objectionable: there are no similar duties in the US, German or Japanese stock exchanges.

The company's investment strategy is to go for "special situations," particularly where the share price is below the net asset value, but also taking into account a variety of factors like management expertise.

A recent good example was the decision earlier this year to buy Lonrho shares, whose assets were considered to be well in excess of the share price at the time. The subsequent heavy buying may haved helped start rumours of a US inspired takeover bid, but Mr Heine said the reason was that the shares were very cheap when compared with the potential value.

During the past 10 years, the assets managed by the three Heine funds have increased from $5m to $2bn and the company has stopped taking accounts for two of the funds—"they keep throwing money at us," says Mr Heine.

Neither is modesty a strong point of another highly successful Wall Street fund manager, Fred Alger. "A genius for managing money" is the slogan used to advertise his wares in a campaign to attract individual private investors.

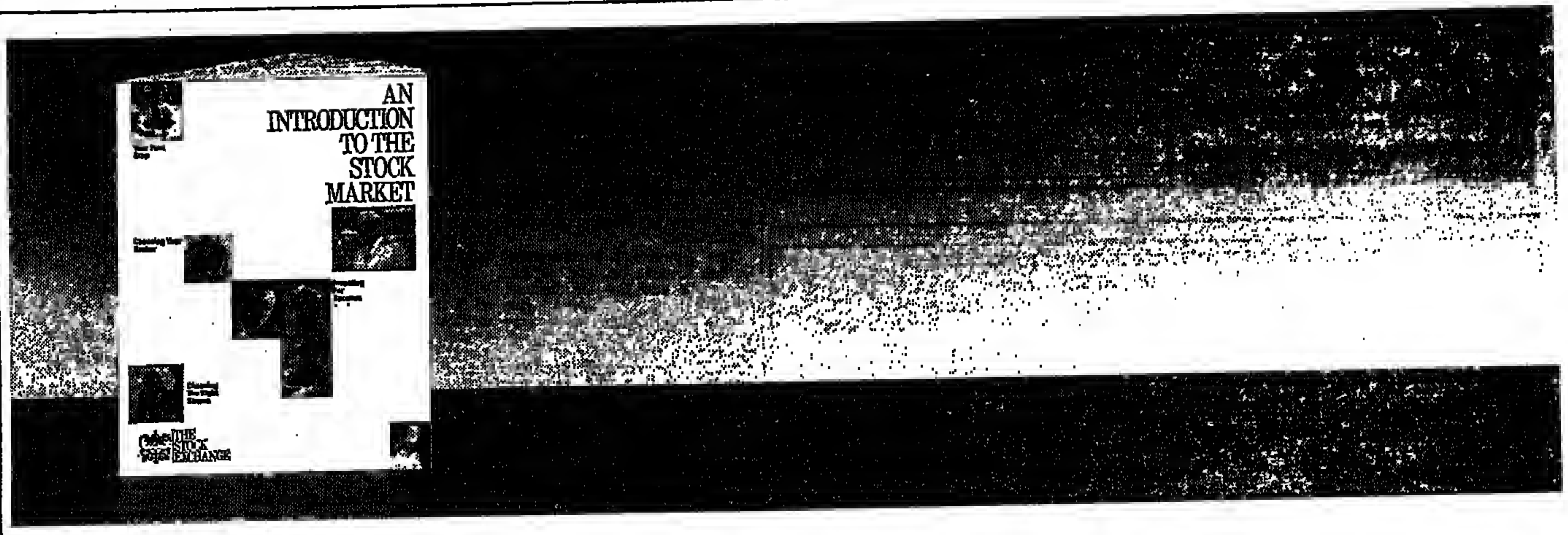
Mr Alger has so far mainly managed pensions funds handling assets worth some $3bn. He claims to have achieved an annual compound growth of 21 per cent over the past 21 years.

He believes in fundamental research using highly paid analysts. Some can earn up to $1m a year, but they operate in highly competitive conditions, tracking the records of over 1,400 companies.

His company trades only US stocks: he feels these still have a lot of potential, having lagged behind other markets. Mr Alger thinks the combination of lower inflation and interest rates, plus a more competitive dollar, has created the climate for a pick up in US business activity later this year.

The mood on Wall Street is generally optimistic, although there is considerable concern about the repercussions of the "insider" trading scandal. Unless all the experts have got it wrong, the stock market is expected to continue breaking new records.

John Edwards



FINANCE & THE FAMILY

Society challenge

Margaret Hughes looks at the likely effect of deregulation on the building societies

WITH UK building societies poised to enter a new era once their new legislation goes through Parliament, it is worth looking at what happened to their counterparts in the US when they changed their status and had to compete in a more aggressive environment.

Robert D. Pierson, vice-chairman of Carteret Savings Bank, which changed its status from a mutual organisation to a publicly-quoted company three years ago, told the Financial Times on his recent visit to London how this transformed the operations of his company and how he envisages similar developments in the UK.

Deregulation and the ability to convert to publicly-quoted companies provided the freedom and financial muscle which American Savings and Loans Associations (S&Ls or Thrifts) needed to salvage their business after the catastrophic crisis they suffered between 1979 and 1982 and to diversify and expand their activities.

Among the services S&Ls now offer their customers are money market cheque book accounts, a range of savings accounts with varying maturities, brokerage and trust services, insurance services, home equity loans, lease financing and telephone bill paying service.

After years when they were able to offer only fixed-rate long term mortgage, borrowers now have a confusing array of about 100 different types of loan to choose from. Many though still prefer fixed rate loans but pay a premium interest rate for these mortgages, which are now almost entirely passed on by the initiator to the secondary mortgage market.

As competition has increased on the mortgage lending front, the S&Ls' traditional business of gathering deposits and extending mortgages has become less profitable. They have, therefore, had to broaden their scope. Some are becoming vertically integrated housing organisations buying the land, developing the housing, extending the mortgage and managing the project. Others are leaning more to mortgage banking while many are moving into consumer and personal finance.

Since converting to stockholder ownership in September 1983, Carteret has used the capital raised and taken advantage of deregulation to diversify its activities. Now the fifteenth largest publicly-owned savings institution equity accounts for 4.6 per cent of its $5.1bn total assets, compared with 2.7 per cent when it first went public. In the second half of its fiscal year, to March 31, it almost doubled earnings to $21.9m from $11m in the same period of the previous year.

It has also established two major subsidiaries — Carteret Mortgage Corporation engages in all aspects of mortgage banking. As is now generally the case with most savings banks in the US, most of the mortgages it originates are sold on to investors in the secondary mortgage market which Pierson expects to see happening soon in the UK. A second major subsidiary, Carteret Service Corporation, is a joint venture and sole developer of residential communities.

Pierson points out that, thanks to earlier deregulation, the US savings institutions are some five to seven years ahead of building societies in the UK in terms of their diversification and development. But though building societies start off on a much stronger base, having not suffered the same crisis, he expects much of the changes which have taken place in his own country to be emulated in the UK.

He expects that within the next five years a large number of British building societies will have converted to publicly-quoted companies. This, he argues, will be forced upon them by increased competition and the need to raise the finance to provide a better service to their customers on both sides of the balance sheet.

But though Pierson expects British building societies to take much the same route as his own institution, he detects that the societies have yet to fully recognise the potential which will be open to them once new legislation is in place. Using their extensive branch network, he foresees them offering a huge range of financial services and cross-selling them. But they will have to become much more aggressive and sophisticated in their marketing. He expects them to become a major force in selling insurance and in stockbroking.

Among the products Pierson expects UK societies to start offering are interest paying cheque book accounts or Now accounts as they are known in the US.

This is a view shared by Paul W. Prior, former president of the US League of Savings and Loan Associations, who has some advice for UK societies when they come to use their new powers. One of the advantages he points to in offering such a transaction account is that it helps entice customers to use more of the institution's services and has proved to be much more of an inducement than, say, a credit card.

It also improves customers' acceptance of cash dispensers.

Still on the consumer lending front he advises societies, at least initially, to confine their lending to existing mortgage customers whose payment history they know. As an example, he cites his own institution, Henry County Savings, where 75 per cent of consumer lending is to customers who already have a mortgage with the company. Another 15 per cent are savers. Only 10 per cent are "new" customers. By adopting this cautious strategy, its consumer lending business became profitable within 18 months of operation and arrears negligible.

Margaret Hughes

Double indemnity

THERE HAS been a double taxation treaty between Britain and the US since 1946—only the arrangement with Switzerland is older. The current agreement, ratified in 1980, is the longest and most complex of many such, with foreign governments and contains some unique provisions.

While dealing with taxation of business profits, it is also very much concerned with personal incomes. It fulfils a vital need, since the taxing rules of the two countries are such as to make double taxation a very real possibility, particularly because the US levies tax on the worldwide income of its nationals, whether or not they live in the United States. This is subject to some important exemptions.

The agreement encompasses British income tax and capital gains tax and the US federal income tax, including the charge on capital gains (together with various other taxes of concern principally to businesses). State taxes are not covered. But a UK resident would, nevertheless, obtain credit for them under the unilateral relief provisions of the British taxes Acts. Death duties, on the other hand, are the subject of a completely separate treaty.

The possibility of an individual being resident in both countries is eliminated by a set of "tie breaker" provisions. These consider, in turn, the location of the permanent home; where the centre of vital interests are, the place of habitual abode and, of course, nationality, deeming him to be resident accordingly. The second and subsequent factors are only considered if the earlier ones do not settle the matter. If a conclusion is still not reached, the taxing authorities are to decide by mutual agreement.

The treaty also concerns itself with domicile (but only so far as it relates to income tax and capital gains tax), since a woman who is a US national marrying a British resident before January 1, 1974 is deemed to have done so on that date, with the result that she does not automatically assume her husband's domicile—a very valuable concession.

The determination of the US to retain taxing rights over its non-resident nationals gives rise to some provisions of Byzantine complexity, since both countries are permitted to tax their nationals and residents as if the agreement had not been made.

Thus, while the basic agreement requires that a US citizen resident in Britain be taxed only there on US source interest, the US will, in fact, claim tax too.

Oddly, the converse does not apply, the Inland Revenue declining to claim tax on British interest payable to a British subject resident in the US. However, the rule is not to be applied when considering government salaries and pensions, the remuneration of teachers and maintenance payments received by students and trainees. It is, nevertheless, of far-reaching effect and must be kept clearly in mind when considering what follows.

The treaty accords special treatment to different types of income, subject to detailed qualifications. Thus, the following are to be taxed only in the country of residence: interest, royalties, employment income, self-employment income, annuities, pensions (other than government pensions), alimony and anything else not specifically covered by the agreement.

By contrast, the taxability of government remuneration and government, state or local authority pension, is completely reversed, i.e. liability only in the source country.

Dividends accruing in one country to a resident of the other can be taxed in both, the source country limiting its liability to 15 per cent, while the taxability of capital gains and income from real estate is not affected.

By contrast, some reliefs are given not by reference to the nature of the income, but to occupations. Professors, teachers, students and trainees receive limited exemption in their host countries. Artistes and athletes, who would be taxed only in their country of residence, are denied this treatment if their earnings in the other country exceed $15,000 or its sterling equivalent.

Despite these extensive provisions, double taxation will still occur. When it does, the country of residence must reduce its tax by reference to liability in the other.

However, the prevention of double taxation is not the agreement's only concern. Under the seemingly innocuous heading "exchange of information and administrative assistance," provision is made for the two countries to exchange information to assist agreement and to prevent fraud. They can even collect tax for one another.

Donald Elkin

Week End Business

Business for Sale

Businesses Wanted

Plastic, please

DEAR William J. Hall, we think you will be interested in having the best possible credit card in the world: the Citibank preferred Visa card. We are offering this special card, with a credit line of $5,000 to $18,000 to a select group of people. People who handle credit very responsibly. To accept this offer, simply complete and return the enclosed application in the envelope provided."

The first time this letter arrived from L. S. Kopp, a senior vice-president (sounds impressive) of Citibank, I felt a little glow and reached for my pen. After all, if the biggest bank in the world had taken the trouble to find my name, I must be on the fast track in New York City.

Several letters later (not all of them from Citibank) I am having serious doubts and, incidentally, still waiting to get my hands on the best piece of plastic in the world.

Kopp did not reply to my letter. Instead, I received a terse note from one of his colleagues, Ed Skonicki, 1,200 miles away in Sioux Falls, South Dakota. "Dear William J. Hall, thank you for your recent application for a Citibank preferred Visa account. Your application has been carefully reviewed and I regret that I *am unable to approve it at this time.*" No apologies or mention *of the fact* that it was Citibank who contacted me.

After *recovering from the* shock of first being wooed and then rejected by *what is* supposed to be one of the best managed banks in the world, I read on. "Our review process is based heavily upon information obtained from a credit bureau report. This information is then evaluated in light of our experience with past applicants."

Surely it was not this difficult *to get a Barclaycard?* I am being paid an adequate salary, have lived in the same apartment in New York for more than three years, maintain a bank account, have a Social Security number, pay federal and state taxes and have not been arrested. I could also provide references. Yet I do not have what it takes to get a credit card in this city — a credit report.

As often happens in America, the first step on the financial ladder *is often the most difficult.* To get a personal credit *report* into the *computers* of the credit rating agencies, you need to borrow some money. But in order to borrow money, you need a credit report.

Once your name is lodged in the anonymous computers of the credit rating agency, banks and credit card companies fall over themselves to lend you money. But, until then, life is hard *for a new arrival* who quickly discovers that anybody *without a credit card* is a second-class citizen here.

However, once you become a fully-fledged US bank customer, there are still a few more shocks in store.

The first is the length of the queues at most bank branches. If you want to talk to a teller allow most of your lunch hour, and sometimes that is not enough. *One* major New York bank, for example, passed a rule that only customers with *$5,000* in their accounts were allowed *to talk to tellers.* The *rest* had to use the automatic cash dispensers. The rule *was* changed but it gives a flavour of the way New York bankers think about their customers.

The next *obvious* defect is the lack of direct debits or standing orders. Every month, bills for gas, electricity and rent come in and the same number of cheques have to be sent out. Then, there is the little problem of what happens if you overdraw your account by mistake. That is a definite black mark and will probably be noted on your credit report —that is, if you are lucky enough to have one.

William Hall

IN THE NEWS

CHOOSING the right stockbroker has always been a problem for private investors thinking of putting their money into stocks and shares. With October's Big Bang reforms of the London stock market now only four months away, the Stock Exchange is trying to make matters easier with a new booklet published this week.

Called An Introduction to the Stock Market, the glossy 48-page booklet includes a directory of services offered by about 140 stockbroking firms interested in taking on new private clients. It also gives a thumb-nail sketch of the Big Bang, a guide to the basics of stocks and shares and how to buy them, and a brief explanation of Financial Times share price statistics.

It is available free from The Stock Exchange Distribution Centre, 120-126 Lavender Avenue, Mitcham, Surrey CR4 3HP.

●

THE FUND management group GT says it is one of the world's most experienced international investors, dabbling in 22 different national equity markets at the last count; but it has become frustrated at the lack of readily available information on markets around the world.

To fill the gap, GT itself has collaborated with Euromoney Publications to produce The Guide to World Equity Markets, with extensive data on 36 markets ranging from those of the US, Japan and the UK at one end of the scale to Chile, Israel and Taiwan at the other.

It will set you back the hefty sum of £65. But investors who need to know what are the most active stocks in, say, Thailand, may find it cheap at the price.

●

COUTTS, the up-market banking subsidiary of National Westminster Bank, has established a special office to provide a co-ordinated banking, investment and financial management service for customers who have at least £250,000 in easily realisable assets.

Called Campbell's Office, after John Campbell, the bank's founder, it offers an integrated service tailored to each customer's needs. It will manage all the customer's securities, provide investment, pensions, insurance and tax planning advice together with a cash management service for any surplus funds, as well as provide a personal banking service with instant access to an agreed overdraft.

Performance will be reviewed as frequently as a customer requires, but in every case at least twice a year. Customers will receive a consolidated report providing details of their assets, portfolio and all transactions

Goodbye to 'funny money'

Life companies are to present with-profit quotations in more realistic terms. Eric Short explains.

THE traditional life companies have at last got their act together and agreed on a way of presenting conventional with-profit quotations to the public. However, the proposals could well cause some consternation among insurance brokers and building societies.

For years, certain prominent actuaries have been expressing concern over the existing methods of working out projected maturity values on with-profit contracts based on a life company's current bonus rates.

Pressure has been building for changes in methods of pre*senting with-profit quotations as* interest rates come down. Until this week, however, companies could not even agree on whether changes were necessary let alone on the precise new format for setting out projections.

Now, the Association of British Insurers (ABI) has issued a policy statement on the matter. Since it will be incorporated in the code of selling practice for life assurance, it will be binding on members of the association.

At present, it is standard *marketing practice in selling* conventional with-profit life assurance policies to provide the client with quotations from several life companies giving estimates of the expected maturity value. These serve the dual purpose of indicating the likely return on the investment and *differentiating* between various life companies to indicate the best buy.

In preparing such quotations, life companies assume their current bonus rates will apply throughout the duration of the contract, no matter how long. Since bonus systems have become complex, with reversionary bonuses, special reversionary bonuses, terminal bonuses and even special terminal bonuses, the companies have a wide choice when deciding which *should* be included when preparing quotations.

Since, all too often, the sale goes to the company with the highest quotation, they are often tempted to include all the bonuses in preparing the quotation.

While bonus rates were rising — or were at least being maintained — no one worried too much about this practice (and, after all, bonus rates have not been cut for 40 years). But with yields on *long-term gilts* coming down steadily, life companies are more and more supporting existing bonus rates from their reserves.

This can go on for only so long — as policyholders in United Kingdom Provident Institution have already found out, having seen their interim bonus rates cut. Hence, the warnings from actuaries that it is highly misleading for life companies to continue to project for as much as 40 years ahead on current bonuses.

These warnings have at last been heeded. Under the ABI proposals, companies must prepare their projections assuming that investment yields do not exceed 13 per cent — this being the ABI's estimate of what is now being earned *on* premiums. The calculation is based upon the *yield on long-term* gilts plus the assumed extra return from equity-type holdings.

Life companies continue to enjoy flexibility on exactly how this notional yield is translated into bonus rates. However, further detailed guidelines on tax and expense allowances will be issued by the ABI next week.

The effect on quotations is twofold — and dramatic, as seen from the tables. For illustrative purposes only, the tables show the effect on self-employed pension quotations since there is no tax problem to consider.

● First, the amount shown in the projection comes down drastically — for Scottish Amicable, it is almost halved. Both examples show how unrealistic with-profit quotations have become, based as they are on "funny money" figures and yields which it is impossible to maintain.

● Second, the differences in the two quotations virtually disappear, making such quota*tions of far less use in compar*ing different life companies.

These proposals are made as an interim measure, since the Marketing of Investment Board Organising Committee (Miboc) will be issuing definite proposals on quotations as part of its rules on advertising and marketing. A policy statement from Miboc is expected at the *the end of July.*

The ABI proposals can be *criticised from a number of* angles — a yield of 13 per cent, although much lower than implied by many current life office quotes, could still look highly optimistic by November 1 — the starting date for the new quotation basis.

In particular, the position on low cost endowments to repay mortgages is far from clear, and can only be ascertained when the precise details come from the ABI. But it is likely that it will increase the premiums paid by borrowers, so making the endowment method uncompetitive in price against the repayment method.

SELF-EMPLOYED PENSION QUOTATION

Man aged 40 paying £1,000 a year to age 65 on a with-profit pension plan. Projected cash sum at 65

	Scottish Amicable	General Accident Life
	Current basis	
	£	£
Guaranteed sum plus reversionary bonuses	178,204	167,775
Terminal bonuses	116,290	66,600
Total projected cash sum	294,494†	234,375

†This sum reflects an underlying yield of 16.09 per cent.

	Proposed basis*	
	£	£
Total projected cash sum	153,394	152,134

* These quotations have been supplied by the particular life companies solely for illustrative purposes and are not official quotations as such.

The Investment Trust Table

The figures in the columns below are based on information supplied by the companies named, which are members of The Association of Investment Trust Companies. The figures are unaudited.

Columns (1) and (4)–(6): as at close of business on Monday 23rd June 1986. Geographical Spread (7)–(10): as at 30th May 1986.

Total Net Assets (1) £ million	INVESTMENT POLICY Trust (2)	Management (3)	Share Price (4) pence	Yield (5) %	Net Asset Value (6) pence	Geographical Spread UK (7) %	Nth. Amer. (8) %	Japan (9) %	Other (10) %	Gearing Factor (11) base=100	Total Return on N.A.V. over 5 years to 30.5.86 (12) base=100
	CAPITAL & INCOME GROWTH										
522	Alliance Trust	Independently managed	771	3.8	1027	36	51	9	4	93	309
129	Bankers	Touche, Remnant	113	3.5	153	39	26	13	13	104	331
370	British Investment	Independently managed	416	5.2	585	50	28	21	1	89	270
94	Brunner	Kleinwort Benson	94	3.4	130	60	35	3	2	104	276
155	Continental & Industrial	Schroder Inv. Man.	340	3.7	395	60	22	12	6	97	276
600	Edinburgh Investment (w)	Dunedin Fund Managers	141	3.3	189	54	23	9	14	105	289
794	Foreign and Colonial	Foreign & Colonial	88	2.4	121	32	31	19	18	109	284
597	Globe	Electra House Group	340	4.6	465	64	25	8	3	99	268
342	Govett Strategic	John Govett	219	2.3	300	49	42	14	25	119	273
332	Philip Hill	Philip Hill	231	5.5	342	76	21	–	3	83	238
11	Jos Holdings	Kleinwort Benson	161	3.3	183	79	11	1	9	94	232
46	Keystone	Mercury Warburg Inv. Man.	254	3.1	330	53	25	10	12	109	†
106	Kleinwort Charter	Kleinwort Benson	90	3.5	132	61	23	10	6	97	280
34●	London & Strathclyde	Gartmore	172	2.3	218	60	32	5	3	99	247
54	Meldrum	Gartmore	222	3.5	266	90	6	4	–	94	315
117	Outwich	Baring Inv. Man.	164	3.0	281	60	14	18	8	97	262
100	River and Mercantile	River & Merc. Inv. Man.	162	5.3	205	53	38	2	7	94	282
51	River Plate & General (w)△	Tarbutt & Co.	246	4.9	303	74	15	–	11	97	232
47	S. & P. Ret. of Assets (w)△	Save & Prosper Group	126	3.7	185	82	18	–	–	139	†
510	Scottish Mortgage	Baillie, Gifford	518	2.3	675	40	24	22	14	97	332
273	Scottish National	Gartmore (Scotland)	294	2.5	366	53	29	12	6	105	367
174	Second Alliance	Independently managed	645	3.8	900	37	50	9	4	95	310
604	TR Industrial & General	Touche, Remnant	189	3.0	256	53	24	17	6	98	283
546	Witan (w)	Henderson	200	2.3	270	57	23	12	8	109	287
	United Kingdom										
14	City of Oxford	Hambros Bank	275	4.2	332	99	1	–	–	97	273
45	Fleming Claverhouse	Robert Fleming	177	4.1	226	100	–	–	–	100	298
66	Shires (w)	Stancroft Assets	212	6.6	231	77□	13□	2□	8	73	313
348	TR City of London	Touche, Remnant	115	4.9	143	89	11	–	–	102	319
116	Temple Bar	Guinness Mahon Inv. Man.	155	4.9	302	99	1	–	–	93	315
	CAPITAL GROWTH										
	General										
276	Anglo-American Securities	Morgan Grenfell	346	2.8	478	43	33	19	5	106	†
183	Atlantic Assets	Ivory & Sime	104	0.8	147	18	80	–	2	99	215
90	Electric & General	Henderson	852	1.5	495	51	30	11	8	99	302
34	Greenfriar (w)	Henderson	330	0.7	365	62	14	7	17	107	358
	International										
110	Berry	GT Management	243	0.6	292	51	20	15	14	116	288
98	English & Scottish	Gartmore	90	2.2*	117	43	20	16	22	102	261
34	F & C Eurotrust	Foreign & Colonial	240	1.1	221	20	–	–	80	99	402
261	Fleming Overseas	Robert Fleming	140	2.8	196	5	56	15	24	101	285
118	Fleming Universal	Robert Fleming	398	1.4	536	9	67	13	11	103	289
67	Gartmore Inform. & Fin. (w)	Gartmore	54	2.9	70	62	38	–	–	115	215
8	German Securities (w)	Liechtenstein (UK)	100	–	106	–	–	–	100	100	†
25	Group Investors (w)	CS Investments	280	2.6	333	43	50	7	–	85	298
162	Hambros (w)	Hambros Bank	165	3.5	256	80	37	6	7	118	229
13	Kleinwort Overseas	Kleinwort Benson	122	2.9	163	10	45	14	31	97	276
153	London & Gartmore	Gartmore	324	0.8	355	15	19	6	56	102	239
12	Mid Wynd International	Baillie, Gifford	126	2.0	179	23	37	17	23	106	†
207	Monks	Baillie, Gifford	191	1.9	265	30	26	26	18	99	279
106	Murray Smaller Markets	Murray Johnstone	253	1.0*	341	18	5	18	59	100	326
13	Nordic△	GT Management	54	–	66	10□	–	–	90	100	†
84	North Atlantic Securities△	Morgan Grenfell	314	1.5	431	1	50	49	3	105	†
173	Northern American	Dunedin Fund Managers	354	2.2	471	17	34	23	26	105	290
33	Northern Securities	GT Management	210	2.0	276	61	19	18	13	115	235
36	Romney	Lazard Brothers	252	2.2	333	26	44	20	10	96	265
122	Scottish Eastern	Martin Currie Inv. Man.	112	2.7	148	49	20	18	14	110	275
327	Scottish Investment Trust	Independently managed	352	2.5	456	36	35	15	14	100	259
434	Trans-Oceanic	Schroder Inv. Man.	203	2.7	261	24	34	13	29	103	295
93	Tribune	Baring Inv. Man.	135	3.0	178	45	23	17	16	90	280
259	U.S. Debenture Corp.	GT Management	268	3.6	343	63	24	14	9	105	262
	North America										
152	American	Edinburgh Fund Mgrs.	134	3.2*	179	22	77	–	–	100	227
156	Edinburgh Amer. Assets	Ivory & Sime	109	0.8	147	16	71	2	11	107	240
148	Fleming American	Robert Fleming	542	1.5	700	2	98	–	–	97	253
36	Gartmore American Secs.	Gartmore	153	1.4	178	17	78	4	1	112	317
165	Govett Atlantic	John Govett	138	2.9	186	18	81	–	1	100	199
77	TR North America	Touche, Remnant	97	2.7	120	8	92	–	–	93	250
	Far East										
39	Drayton Far Eastern (w)	MIM	175	0.9	221	1	–	71	28	105	251
158	F & C Pacific (w)	Foreign & Colonial	196	1.1	252	6	22	49	23	100	264
78	Fleming Far Eastern	Robert Fleming	202	1.2	160	1	–	78	21	99	285
27	Govett Oriental	John Govett	193	1.7	285	8□	3	72	17	114	285
260	Martin Currie Pacific (w)	Martin Currie Inv. Man.	133	0.6	153	3	2	83	12	108	†
5	New Australia△	Clayton Robard (UK)	99	1.9	96	–	–	–	100	89	†
11	Pacific Assets (w)	Ivory & Sime	76	1.3	94	10	–	–	90	89	†
64	Pacific Investment (w)△	Thornton & Co.	92	0.5	124	7	–	65	28	104	†
5	TR Australia (w)	Touche, Remnant	94	3.5	113	9	–	–	91	89	204
168	TR Pacific Basin (w)	Touche, Remnant	167	0.9	222	3	–	79	18	98	350
	Japan										
49	Baillie Gifford Japan (w)△	Baillie, Gifford	402	0.2	450	–	–	100	–	95	†
14	Baillie Gifford Shin Nipp. (w)	Baillie, Gifford	66	1.0	79	–	–	100	–	100	†
53	Crescent Japan	Edinburgh Fund Mgrs.	207	0.2	260	–	–	100	–	103	400
26	Drayton Japan	MIM	690	0.8	860	2	–	98	–	100	365
233	Fleming Japanese	Robert Fleming	173	0.8	230	3□	–	95	–	96	364
139	GT Japan	GT Management	176	1.1	232	18□	2	77	3	95	361
62	Japan Assets (w)	Ivory & Sime	55	0.1	76	1	–	99	–	95	†
65	New Tokyo (w)	Edinburgh Fund Mgrs.	236	0.6	313	–	–	100	–	97	431
	Commodities & Energy										
6	City & Foreign	MIM	128	1.1	138	3	97	–	–	100	167
7	New Darien (w)	Hodgson Martin	61	1.5	66	31□	67	–	2	82	57
16	Precious Metals△	J. Rothschild	104	0.6	125	8□	63	–	89	90	†
64	TR Natural Resources	Touche, Remnant	219	5.3	279	39	34	–	27	89	148
21	Viking Resources	Ivory & Sime	42	6.8	53	6	26	–	–	91	63
14	Wemyss	Edinburgh Fund Mgrs.	635	4.9	643	52	31	5	12	98	156
	Technology										
11	Baillie Gifford Tech. (w)	Baillie, Gifford	72	3.0	96	37□	63	–	–	72	†
65	Fleming Technology	Robert Fleming	153	2.1	215	37	40	19	4	102	223
57	Independent	Ivory & Sime	226	0.3	307	20	76	–	4	94	226
361	TR Technology	Touche, Remnant	108	2.4	153	41	40	15	4	99	262
	INCOME GROWTH										
370	British Assets	Ivory & Sime	58	4.7	79	47	48	–	5	104	276
154	First Scottish American	Dunedin Fund Managers	312	4.6	419	93	4	–	3	112	283
70	General Consolidated△	Philip Hill	213	5.1	273	67	30	–	3	89	284
210	Investors Capital Trust	Ivory & Sime	269	3.5	327	99	1	–	–	97	†
33	Lowland	Henderson	142	3.0	149	95	5	–	–	101	460
160	Merchants	Kleinwort Benson	119	5.2	155	65	26	3	6	91	255
166	Murray Income	Murray Johnstone	154	5.0*	165	76	11□	–	13	95	330
272	Murray International	Murray Johnstone	161	4.4*	210	41	35	12	9□	93	297
137	Raeburn	Lazard Brothers	402	4.2	501	56	29	10	5	94	251
193	Securities Trust of Scotland	Martin Currie Inv. Man.	163	4.4	213	57	26	11	6	103	311
	SMALLER COMPANIES										
13	Continental Assets (w)	Ivory & Sime	92	–	106	–	–	–	100□	60	†
47	Dundee & London	Dunedin Fund Managers	200	3.9	276	73	15	11	1	98	262
54	English & International (w)	MIM	149	3.7	202	57	15	15	2	105	286
17	F & C Alliance	Foreign & Colonial	108	2.4	152	43	26	16	13	105	248
10	First Charlotte	Ivory & Sime	10	0.7	13	95	1	–	4	98	†
24	Fleming Fledgeling	Robert Fleming	136	2.6	184	66	25	–	9	94	276
62	Gartmore Smaller Cos.	Gartmore (Scotland)	194	2.5	164	48	36	6	10	104	233
32	Govett Enterprise	John Govett	179	2.4	215	35	63	–	2	97	191
16	Kleinwort Smaller Cos.	Kleinwort Benson	285	4.1	367	97	2	–	1	99	305
31	London Atlantic	Investors in Industry	191	5.0	259	76	10	–	14	98	322
22	Moorgate	Philip Hill	430	4.3	458	93	1	–	6	89	256
21	North British Canadian	Investors in Industry	232	4.2	313	93	5	–	2	105	256
23	St Andrew	Martin Currie Inv. Man.	136	3.0	183	57	22	16	4	98	246
219	Scottish American	Stewart, Ivory	316	3.1	392	45	38	11	6	96	296
43	Smaller Companies Int.	Edinburgh Fund Mgrs.	77	2.6	107	30	25	25	20	95	280
19	Strata Investments (w)△	Henderson	130	–	125	45	24	4	28	94	†
224	TR Trustees Corp.	Touche, Remnant	162	3.4	220	65	27	14	–	104	253
255	Throgmorton (w)	Throgmorton Inv. Man.	293	4.1	371	88	10	1	1	120	305
21	Throgmorton USM (w)△	Throgmorton Inv. Man.	85	–	103	100	–	–	–	121	†
	SPECIAL FEATURES										
74	Atlas △	J. Rothschild	112	2.8	145	48	30	12	10□	95	†
15●	Consolidated Venture (w)	MIM	118	0.1	142	14□	82	3	1□	85	206
157●	Drayton Consolidated	MIM	324	4.5	452	74	19	5	2	92	208
23	Edinburgh Financial (w)	Stonecastle Assets	39	2.7	49	60□	3	–	4□	141	†
289	Ensign Trust	Merchant Navy Inv. Man.	157	1.5*	159	70	23	1	6	97	†
43	Fleming Enterprise	Robert Fleming	350	2.5	425	100	–	–	–	82	309
235	Fleming Mercantile	Robert Fleming	154	3.3	191	49	35	10	6	96	245
24	GT Global Recovery△	GT Management	164	3.2	197	49	27	8	19	110	230
54●	Murray Ventures (w)	Murray Johnstone	376	1.7	475	69	13	–	9	90	284
68	Nineteen Twenty-Eight△	London & Manchester	183	3.1	238	91	9	–	–	104	228
8	Stewart Enterprise (w)	Stewart, Ivory	81	3.1	85	81	17	–	2	85	†
108	TR Property	Touche, Remnant	177	3.2	218	70	13	–	8	90	234
	SPLIT CAPITAL (x)										
26	Altifund 85/88	Gartmore	555	0.1	724	95	3	–	2	89	299
45	Child Health 87	Thornton & Co.	335	–	406	54	3	37	4	112	228
43	City & Commercial 85/93	MIM	747	–	1067	84	–	–	16	110	236
35	Dualvest 85/87	MIM	1500	–	1606	91	7	–	2	107	279
34	Fundinvest 85/90	MIM	370	–	479	79	3	18	–	108	282
3	Marine Adventure 88	Thornton & Co.	220	–	276	21	18	8	28	115	†
46	New Throg. (1983) (w) 88	Throgmorton Inv. Man.	63	–	144	100	–	–	–	139	†
55	S. & P. Linked 95/97	Save & Prosper Group	394	–	744	100	–	–	–	115	378
41	Throg. Secured Growth	Throgmorton Inv. Man.	375	–	475	100	–	–	–	71	258
24	Tripleverst 87/91	MIM	1015	–	1383	88	11	1	–	111	267

NOTES TO THE TABLE

† No data.
* Applies to Ordinary/"A" Ordinary only.
□ More than one quarter in non-equity investments.
(x) Capital shares and winding-up dates.
△ Incorporates recent revaluation of unlisted investments.
● Adjusted for scrip issue.
a Adjusted for rights issue.
q Published quarterly.
(w) Company has warrants or options in issue.
■ More than 20% in securities or other assets included at directors' valuation.
▲ The Trust has provisions for a limited life. Please refer to the company for further information.
○ Figures not directly comparable with previous month.

Cols. 1, 4 to 6 Figures supplied by Wood Mackenzie & Co. Ltd. members of The Stock Exchange. The figures in Cols 1 & 6 are simulated to date shown based on latest valuation supplied by the companies and made available to The Stock Exchange.

Col 11 The gearing factor indicates the percentage amount by which the net asset value per share would rise if the value of the equity assets increased by 100 per cent. Further explanation is given in the booklet 'More for your money.'

Additional explanatory notes are available on request from The Secretary, The Association of Investment Trust Companies, Park House (6th Floor), 16 Finsbury Circus, London EC2M 7JJ. Tel: 01-588 5347.

INDICES OF FIVE YEAR TOTAL RETURN

+ Investment Trust Average	271
F.T. – Actuaries All-Share	297
* Standard & Poors Composite	310
* Tokyo New Stock Exchange	498
* Morgan Stanley Cap. Int. World	331

+ Excludes split capital.
* Adjusted for exchange rate changes.

Subdued equities drift on a summer current

FOR AS much good as it has done them those brokers who kept to their desks in sticky City offices might just as well have joined the champagne and strawberries set at Wimbledon. The equity market has been ever so gently moving forward for most of the week, with a little help from a firmer gilt market, but generally activity has been subdued.

Part of the reason for the relative quiet must be that sizeable amounts of private and institutional money were tied up in the successful Thames TV and Morgan Grenfell new issues while fund managers are also beefing up their liquidity holdings in preparation for British Gas. So there was no weight of buying to get things moving upwards—and equally no unexpected large rights issues to jerk the market back.

Rights issues are still coming along but for the most part they are tiddlers. Racal did not launch a £200m cash call as had been rumoured ahead of the figures. There is probably enough leeway for the Bank of England to let another large call on the market slip through the net this summer though the authorities will want to keep the equity issues down ahead of Gas.

The course of the market over the next couple of weeks will, most likely, be similar to the last few days with the All-Share quietly plodding ahead although the GEC numbers next week could be quite important in shaping the market's overall attitude. Any large bid would create enough excitement to get the market bubbling again now that Dixons/Woolworth is almost done.

One danger point, however, could be the Japanese elections early in July. Like London and New York, Tokyo prices are riding high—frighteningly high by Throgmorton Street standards—and any adverse movement could have repercussions in the UK.

Racal had long since sign-posted the news that its 1985-86 figures would be dreadful so the market was well prepared for the £42m setback to £90.1m pre-tax and the share price actually put on 6p to 200p on the day—but then, of course, it had slipped the day before on rights issue fears.

In fact the underlying profit numbers are worse than Racal's presentation of them: the pre-tax line is inflated by non-recurring profits on the disposal of part of the oil and gas interests while the provisions for closures and rationalisation have been bumped down below the line.

However you like to play with the numbers the two core reasons for the setback are plain enough. The US data communications activities were a disaster, chopping profits by £45m while Cellular Radio turned in losses of over £19m after interest charges compared to under £11½m.

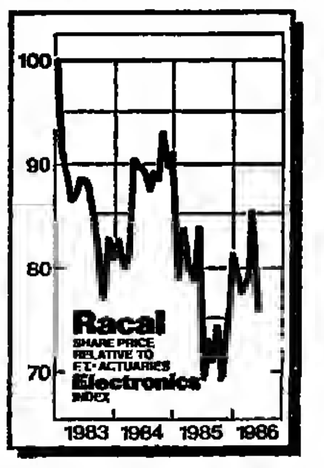
Yet this was just so much history as far as the market was concerned. Everybody has their eyes on the horizon with the expectation that profits of somewhere around £130m pre-tax will come through in 1986-87. Certainly Racal is making plenty of optimistic noises and with capital gearing of 57 per cent at year end, compared to 65 per cent at the interim stage, Sir Ernest Harrison scotched any thoughts of a rights issue.

The important features for this year will be the recovery in the US. Racal-Milgo's order book is evidently up by over

London

60 per cent, although that actually looks a bit at odds with the continuing industry depression. But the bounce at Milgo will be ensured by last year's cost cutting — extra demand is an added plus.

Given the recovery, a prospective p/e of about 14 means the analysts are once again putting buy recommendations against the shares. Yet some of the relative recovery from the low point late last year has already



been seen, and possibly a better trade on the potential recovery for the US data communications sector is CASE.

Its next set of figures could show losses of between £12m and £15m. The market is already prepared for that sort of unpleasant picture but the price, which has underperformed the All-Share index by almost 70 per cent over the last year, is yet to reflect the recovery that will follow.

While Racal was laying out a bright future for the electronics analysts, Argyll Group was showing their retail counterparts exactly how much the failed bid for Distillers had cost it—£34.1m in all. A quarter of the net assets had disappeared down the drain. Understandably James Gulliver said he would not tackle another contested bid for some time, although he is still on the look-out for a US company to add to the portfolio.

Interestingly, the brief appears to have been extended to include consumer product companies rather than just food and drinks, which probably says something about the number of potential targets left in Argyll's prime areas. Yet any move towards manufacturing would no doubt bring a very poor response from the institutions.

Apart from the costs of shooting for Distillers, Argyll's figures looked well up to the mark at £64.6m pre-tax, a 22 per cent advance and a small increase on February's forecast. This year could see the group top up its profits by another £10m or so, dropping the prospective p/e to about 13¼.

The rating looks modest but Argyll is not exactly flavour of the month after the Distillers debacle, while any spare cash fund managers have for the second division food retailers seems to do a disappearing trick into a succession of Dee placing.

The market appeared reasonably receptive to the latest deal from Bowater, whereby Scott Paper takes full control of Bowater-Scott and Bowater takes control of the joint Australian tissue interests. There is a net payment to Bowater of £42m.

In earnings terms the deal is broadly neutral, although it will enhance the balance sheet and cut capital gearing in half. Also it allows the UK group to withdraw from a capital intensive activity and concentrate on its specialist packaging activities.

Post the disposal, pre-tax profits should come out around £40m for the current year, dropping the prospective p/e to under 12. Given the way Hanson periodically increases its stake—it currently has 12 per cent—it is hard to imagine the shares will underperform, although investors have been less than impressed by the lack of success in some of the businesses the group has tacked on recently.

Terry Garrett

HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1986 High	1986 Low	
FT Ordinary Index	1,354.4	+ 1.0	1,425.9	1,094.3	Cash shortages restrict trade
FT Gold Mines Index	198.5	−15.3	357.0	192.3	Jo'burg bombings/fears of sanctions
Bejam	175	+18	180	146	Rumours of bid from Tesco
British Telecom	222	−16	278	220	Possibility of curb on charges
Brownlee	107	+37	110	55	Two bid approaches
Burmah Oil	408	+20	417	260	Expansion into chemicals
Courtaulds	300	+21	315	181	Broker's "buy" recommendation
Cropper (James)	350	+55	355	180	Excellent preliminary results
ERF	78	+19	80	35	Sharp recovery in profits
GEC	216	+12	216	160	Ahead of Tuesday's annual results
Glaxo	£10¼	− 0¼	£11¼	756	Fears of Zantac drug competition
Grattan	454	+52	458	302	Takeover speculation
Indl. Scotland Energy	85	+ 5	115	43	90p a share bid from Texas Gas
Lloyds Bank	390	+28	451	295	Offer for Standard Chartered increased
Manders	295	+18	298	177	Sale of stake in Usher Walker
Milletts Leisure	215	+25	230	179	Agreed bid from Sears
Owen and Robinson A	£34	+26	£34	575	Bid from Messrs Davies and Ratner
Sirdar	157	+19	180	133	Takeover hopes
Westcro Motor	225	+57	225	75	Newsletter advice/speculative buying
Woolworth	730	−30	920	438	Dixons bid situation

Enigma in the brewery

WITH SUMMER in full bloom, names like Royal Oak, London Pride and Rutland conjure up balmy real ale evenings spent in the garden of a well appointed hostelry. A good moment therefore to consider recent results from the three regional brewers—Fullers, Eldbridge, Pope and Ruddle—that produce these amber liquids.

The London-based Fuller Smith & Turner, the largest of the three in turnover terms, reported sales of £40.6m for the year to March, a rise of 12 per cent over the previous year's performance. Pre-tax profits were ahead more strongly, by almost a third to £5m.

While expanding out into the home counties and enjoying something of a boom in its off licences, Fuller is one of the more enigmatic members of the USM, not known for its communications with the City.

Fuller's shares have performed well of late and at 600p are now at an all-time high, after rising 30p on the results. However, the market in the shares is very narrow—after the results a broker looking to meet a 10,000 buy order could only find 500 shares. Although the brewer has announced a one-for-one scrip issue along with its results in order to improve marketability, it mak take more than this to free dealings in a stock that came to the market at 140p through an introduction in 1980.

Other than the Fuller, Smith and Turner family holdings, the only major shareholder is Whitbread with 10 per cent. Analysts feel that if the company wants a better rating it will have to loosen the board's hold on the stock and rationalise the A and B share structure. It seems a pity that the Hop Blossom at Farnham and the George and Vulture in Hoxton should not be better known to investors.

Meanwhile down in Dorset, Eldbridge, Pope and Co exhibits none of the shyness of its London fellow-brewer. But in spite of brand names Royal Oak, Dorchester IPA, Huntsman and Faust lager (plus the reputedly lethal Thomas Hardy bottled ale which has a cult following in the region) the company has suffered from rather poor margins.

While regional brewers generally enjoy a trading return on sales of between 15 per cent and 18 per cent, Eldbridge's margins have been under the 10 per cent mark.

USM

UNLISTED SECURITIES MARKET

This week's interims — pre-tax profits of £1.8m (£900,000) on sales of £12.8m (£11.3m) — once the £103,000 of property profits are stripped out produced an operating margin of 10.4 per cent which brokers are taking as a sign that the new hands-on management approach is showing dividends.

Unlike Fullers and Ruddles, Eldridge brews its own lager, Faust, under licence from a German company. Earlier this year Eldridge launched a £250,000 television advertising campaign to promote Faust in the South of England and Wales (where it has a tie-up with Cardiff's S. A. Brain) and lager now accounts for a quarter of sales. So while real ale enthusiasts might jib at one of their own crossing over to the lager camp, Faust is doing a good deal to boost margins and profits for the Dorchester brewer.

With its market share rising and most of the pub refurbishment already completed, Eldridge looks good for £3.2m pre-tax this year and is setting its sights on major urban outlets and an expansion of sales of its bottled beers through the multiples. The shares are at an all time high of 374p, bolstered by interim figures "way in excess of market expectations" according to Hoare Govett.

G. Ruddle, the East Midland brewer best known for its mastery of the bottled real ale market, is still under the microscope over the sales of its estate of tied houses. Last week Ruddle announced pre-tax profits of £1.05m (£1.02m) on a turnover of £11.42m (£10.48m). However, the year to March figures included £131,000 spent on television advertising and £29,000 write-offs on old equipment. Earnings per share were down to 12.2p from 15.5p.

Of the three brewers, Ruddle is most dependent on the multiples rather than tied houses as its main outlet. While at the time the sale of the pubs provided cash for the switch into bottles, the deal may not be in the company's best long-term interests, say the analysts. One reason is that the high street multiples have been pushing down margins and allowing competitors onto the shelves.

However, the prospect of an Office of Fair Trading reference of the tied-houses issue to the Monopolies Commission may help Ruddle—it has a better track record in the national free-trade market than any other regional brewer. Its own deal with Watney's tied houses has been at the cost of margins and the slow rise in its pre-tax profits over the past three years probably reflects this as does the rather quiescent 166p share price.

Terry Povey

Lacklustre figures for GEC likely

GIVEN THAT the Monopolies and Mergers Commission's report into the GEC bid for Plessey is likely to be signed, sealed and delivered next month, the City expects a bullish statement from GEC's chairman, Lord Weinstock, on Tuesday to compensate for what are believed to be a rather lacklustre set of preliminary results.

The City expects to see a fall in profits from £725m to £685m after a 12 per cent decline in the first half and a pedestrian performance in the second.

The balance of GEC's business changed markedly in the course of the 1985-86 year. Traditionally, the "heavy" electrical engineering and turbine divisions have produced rather slower profits growth than the "lighter" defence divisions. Yet, last year the pattern was reversed.

Mercury International's preliminary results, due on Monday, will cause even more frenzied activity on analysts' pocket calculators than usual. Final results will be declared for the old Mercury Securities and pro-forma figures for the enlarged group including Akroyd, Rowe and Pitman and Mullens. The total is likely to be around £57m, including a contribution of £40m from Warburg and £6m from Rowe and Pitman.

What will add to the complications is the announcement of the preference share distribution, which will be based on the profits earned by Mercury and Akroyd in the two years leading up to the merger. The size of that distribution (probably around £80m) will give a picture of the real, as opposed to disclosed, profits of the group. This will give investors a chance to compare Mercury with other investment banks like Morgan Grenfell.

The City is well prepared for an indifferent performance from Ferranti when its end of year results are unveiled on Tuesday. Analysts have downgraded profit projections at the year-end to around £45m, compared with £46m last year.

Intense competition in the electronics sphere is at the heart of Ferranti's problems, although the general difficulties posed by the components sector slump have been compounded by its own loss of market share.

Defence interests should have fared well, however, and the traditional trouble spots — Ferranti-GTE and Ferranti

Results due next week

Infographics — have been nursed through to break-even.

An industrial dispute, problems in the US and an outbreak of salmonella in Marks and Spencer's vols aux vents sound like a recipe for disaster; yet Northern Foods should announce a 19 per cent increase in profits to around £66m when its preliminary results are announced on Tuesday.

Although Marks and Spencer is a harsh taskmaster, its stance on margins is a little less Draconian in foods than textiles, and Northern Foods is still sustaining healthy growth from its chief customer.

The company is still in the throes of rationalisation at both of its major acquisitions, Bowyers and Express Dairies' northern division. Both will have broken even in 1985-86 but the real profit potential will filter through in the present year.

Lonrho's interims, due on Thursday, are expected to show pre-tax profits of £85m (£70.7m last year) and a 10 per cent increase in dividend. Among the company's myriad activities, analysts are looking for news of good performances from VW Audi distribution, from leisure (despite currency movements), and from platinum (thanks to increased prices).

The first half is traditionally the weakest and an £85m figure would make £185m look likely for the full year, so giving the company a welcome boost ahead of its probable listing on the

LORD FORTE, chairman of Trusthouse Forte

Tokyo Stock Exchange this autumn.

Interim results are due for Trusthouse Forte on Wednesday and the market will be watching closely to see how the Libyan terrorist factor has affected UK hotel profits. In fact, the sector is expected to show increased rates achieved before March and the group's profits are likely to be up to £46.5m, compared with £32.7m last year.

Trusthouse is partly hedged against a collapse in the flow of US tourists since its US hotel interests will attract their share of stay-at-home Americans. Although US profits are expected to be up, the dollar's decline will have restricted the increase. Catering profits are expected to show growth of around 20 per cent.

The preliminary results of Davy Corporation, due on Thursday, should show pre-tax profits up only 7.7 per cent to £14m. Although Davy recently won a major contract for an East German desulphurisation plant, the order books are expected to look less than healthy.

Margins have been tightly squeezed, particularly in the US, and the problems in the petrochemical industry have done nothing to help. The manufacturing and service companies should show a small increase in profits but their longer-term prospects are unexciting. Faint bid hopes still revolve around Trafalgar House's 5.5 per cent stake.

Company	Announcement due	Dividend (p)* Last year Int.	Final	This year Int.
FINAL DIVIDENDS				
Amal. Financial Investments	Wednesday	—	—	—
Bulgin, A. F.	Thursday	0.58	—	—
Compsoft	Monday	—	2.0	—
Dasian Holdings	Thursday	5.0	8.0	5.0
Davy Corporation	Thursday	1.1	2.555	1.1
OBE Group	Tuesday	—	—	—
Elswick-Hopper	Tuesday	—	—	—
Equity Consort Investment Trust	Wednesday	5.0	11.0	5.0
Estates and Agency Hldgs	Tuesday	—	2.0	—
Fashion and General Investment	Tuesday	9.0	9.8	10.0
Ferranti	Tuesday	0.52	1.04	0.55
General Electric	Tuesday	1.35	2.65	1.6
Graham House	Monday	2.0	4.286	2.0
Hollas Group	Wednesday	1.0	1.0	1.1
Imry Property Holdings	Friday	1.7	3.6	1.7
Joseph, Leopold	Monday	1.857	3.375	2.812
Lister and Co.	Monday	—	0.25	—
Lonrho	Thursday	3.63	3.36364	0.90909
Lovell, G. F.	Tuesday	—	—	—
Mercury International	Monday	—	—	—
Mountleigh Group	Wednesday	2.0	4.5	3.0
Northern Foods	Thursday	4.25	3.0	4.25
PCT	Tuesday	1.5	1.8	1.8
Pope Group	Tuesday	—	—	—
Ratio Research	Monday	1.0	1.0	—
R.E.A. Holdings	Monday	1.0	2.0	1.0
Read Executive	Tuesday	1.0	2.0	3.5
Robertson Research	Tuesday	0.6	1.5	0.7
Rothschild, J.	Tuesday	0.6	1.2	2.2
Russell, Alexander	Thursday	0.39	0.94	0.47
Scottish and Newcastle	Thursday	1.8	4.18	2.18
Walpac	Monday	—	0.3	—
INTERIM DIVIDENDS				
Blue Arrow	Monday	0.4	0.9	
Ecocure Holdings	Monday	—	—	
Framwort Benson Gilt Fund	Tuesday	31.56	29.96	
Kode International	Tuesday	1.75	3.25	
Lincroft Kilgour	Tuesday	2.0	6.0	
Mercury Investments	Monday	—	15.0	
Mardon Group	Monday	2.0	3.0	
Sampson Mgmt	Monday	2.0	5.0	
Television South	Tuesday	3.0	6.0	
Throgmorton Trust	Tuesday	2.75	5.5	
Trusthouse Forte	Wednesday	1.27	4.18	
Widney	Monday	0.2826	0.2826	
Williamsby Consolidated	Thursday	—	4.0	
Wiggins Group	Monday	—	—	

INTEREST RATES: WHAT YOU SHOULD GET FOR YOUR MONEY

	Quoted rate %	Compounded return for taxpayers at 29%	45%	60%	Frequency of payment	Tax (see notes)	Amount invested £	Withdrawals (days)
CLEARING BANK*								
Deposit account	4.30	4.39	3.40	2.47	monthly	1	—	0-7
High interest cheque	7.20	7.40	5.73	4.17	quarterly	1	2,500 minimum	0
Three-month term	6.50	6.66	5.16	3.75	quarterly	1	2,500-25,000	90
BUILDING SOCIETY†								
Ordinary share	5.25	5.32	4.12	3.60	half yearly	1	1-250,000	0
High interest access	7.00	7.00	5.42	3.94	yearly	1	500 minimum	0
High interest access	7.25	7.25	5.62	4.08	yearly	1	2,000 minimum	0
High interest access	7.50	7.50	5.81	4.22	yearly	1	5,000 minimum	0
High interest access	7.75	7.75	6.00	4.37	yearly	1	10,000 minimum	0
90-day	7.75	7.90	6.12	4.45	half yearly	1	500 minimum	90
Premium	7.60	7.91	6.13	4.46	quarterly	1	10,000 minimum	90
NATIONAL SAVINGS								
Investment account	10.75	7.63	5.91	4.30	yearly	2	5-50,000	30
Income bonds	12.00	9.00	6.97	5.07	monthly	2	2,000-100,000	90
31st issue	7.85	7.85	7.85	7.85	not applicable	3	25-5,000	8
Yearly plan	8.19	8.19	8.19	8.19	not applicable	3	20-200/month	14
General extension	8.01	8.01	8.01	8.01	yearly	3	—	8
MONEY MARKET ACCOUNTS								
Money Market Trust	7.54	7.68	5.95	4.33	half yearly	1	2,500 minimum	0
Schroder Wagg	6.72	6.94	5.35	3.91	monthly	1	2,500 minimum	0
Provincial Trust	7.66	7.93	6.14	4.47	monthly	1	1,000 minimum	0
BRITISH GOVERNMENT STOCKS‡								
7.75pc Treasury 1985-88	9.02	6.75	5.49	4.31	half yearly	4	—	—
10pc Treasury 1990	9.63	6.13	4.62	3.15	half yearly	4	—	—
10.25pc Exchequer 1995	9.32	6.45	4.86	3.28	half yearly	4	—	—
3pc Treasury 1987	6.87	5.97	5.48	5.02	half yearly	4	—	—
3pc Treasury 1989	6.81	5.91	5.40	4.92	half yearly	4	—	—
Index-linked 1990¶	7.71	7.12	6.83	6.49	half yearly	2/4	—	—

* Lloyds Bank. † Halifax. ‡ Held for five years. § Source: Phillips and Drew. ¶ Assumes 4 per cent inflation rate. 1 Paid after deduction of

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND DEALS

Prices in pence unless otherwise indicated.

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder
AE	194½§	250	182	191.46	Turner & Newall
Aitken Hume	175	160	158	80.27	Tranwood
Assoc Heat Srvcs	490*§	482	440	39.20	Cie General de Chauffe
Authority Inv	130*	285	128	6.60	Messrs Backhouse; Cmpbll & Innes
Benford Concrete	86	89	88	19.07	Blackwood Hodge
Benfd Concrete†	90†§	89	83	19.96	BM Group
Berisfords	157§	108	112	8.60	Allied Textile
Biddle Hldgs	160*	170	165	6.40	Kone (UK)
Biddle Hldgs	170*	170	172	6.80	Myson Group
Boothen Eng	688	610	420	7.16	Dowding & Mills
Brickhouse Ddley	120§	135	112	16.66	Glynwed Intl
Brown (John)¶	29	28	23	78.50	Trafalgar House
Burnett & Hallam	18‡	17	22	7.16	Anglo Utd Dev
Clarke (Clement)	240*	235	240	19.20	Boots
Cons Bk o Wales	70*	69	76	16.80	Bank of Scotland
CPS Computer	6‡*	9††	9††	1.67	Inspectorate Intl
Duport	133	131	126	72.24	Williams Hldgs
Eleco	142	152	140	23.71	Whitecroft
First Security	170*	165	140	18.00	Britt Car Auction
Ford (Martin)	70*	66	77	10.94	Iridium
Gable House	213	210	203	16.49	Ladbroke
Gelfer (A. J.)	157	165	148	10.44	Crowther (J.)
Hampton Areas	150*	152	128	40.92	Metals Explin
Ind Scot Energy	90*	85	85	20.50	Texas Gas Explin
JSD Computer	164	162	155	8.94	Retail
Land Investors	76*	75	73	74.05	BCPH
Lngtn Indl Hldgs	215	215	210	13.49	Thomson T-Line
McKechnie Bros	269	255	222	161.94	Evered
Milletts Leisure	227	215	190	11.80	Sears
NSS Newsagents	210*	210	182	67.40	Gallaher
Owen & Robinson	£23*	£34	800	1.61	Messrs Davies and Ratner
Park Place¶	335*	330	308	44.96	Wolters Smsn Grp
Pritchard Servs¶	125‡	125‡	85	145.03	Hawley Group
Roberts Adlard¶	266†	240	230	12.77	Bowater
Rotaflex	429	465	210	47.44	Emess Lighting
Samuel (H.) Ord	346§§§	325	325	23.70	Ratners
Samuel (H.) 'A'	144§§	137	135	118.55	Ratners
Samuel Props	272§§	255	253††	90.21	Clayform Props
SGB Group¶	372‡§§	378	324	159.08	Mowlem (J.)
Stndrd Chartered	810§§	793	873	1,280bn	Lloyds Bank
Stndrd Fireworks	146§	140	155	8.21	Scott Heritbl Tst
Stock Conversion¶	720†	690	705	397.61	P & O
Sunbeam Wolsey	126	125	120	10.56	Crowther (J.)
Warehouse	£16.72	£15	£13	11.51	Freemans
Whitwth's Food¶	52‡	65	63††	5.71	Booker McConnell
Woolworth Hldgs	818	730	633	1,824bn	Dixons Group
Yarrow¶	825‡§	820	630	33.00	CAP Group

* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ¶ Unconditional. ** Based on June 27, 1986. †† At suspension. §§ Shares and cash. ¶¶ Related to NAV to be determined. |||| Loan stock. ‡‡ Suspended. || Swedish kronor.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Argyll Group	Mar	64,600	(52,951)	22.4	(20.0)	7.75	(6.25)
Ariel Ind	Mar	289L	(124)L	—	(—)	—	(—)
A-R Television	Mar	9,940	(6,780)	—	(—)	71.36	(50.24)
Avana	Mar	20,210	(19,508)	38.7	(36.5)	12.0	(11.25)
Bassett Foods	Mar	1,350	(2,540)	10.9	(19.4)	6.32	(6.72)
Bellhaven Brew	Mar	1,512	(1,058)	10.3	(8.7)	0.83	(0.75)
BPB	Mar	103,200	(73,600)	33.9	(25.1)	9.0	(7.7)
Brookmount	Mar	1,150	(721)	19.0	(11.6)	1.0	(—)
Brown & Jackson	Dec	540	(73)	—	(—)	—	(—)
Brown & Tawse	Mar	5,730	(5,360)	16.9	(14.9)	7.2	(6.5)
BTP	Mar	4,300	(4,000)	8.3	(7.6)	4.5	(3.5)
Bortonwood Brw	Mar	2,040	(2,410)	35.1	(52.7)	10.3	(10.0)
Cable & Wireless	Mar	295,000	(245,833)	31.7	(26.0)	9.5	(7.75)
Charter Cons	Mar	28,750	(16,520)	15.8	(10.0)	11.5	(11.0)
Cheshire Whole	Mar	627	(316)	9.4	(2.3)	1.54	(—)
Chillington Cpn	Dec	1,760	(2,270)	24.7	(33.8)	5.2	(5.0)
CH Industrials	Mar	2,110	(1,500)	—	(—)	2.4	(2.11)
Courts (Furn)	Mar	6,010	(6,990)	17.1	(17.4)	4.7	(4.7)
Cropper, James	Mar	1,820	(763)	44.2	(26.1)	2.75	(2.25)
Delmar	Mar	458	(410)	4.6	(3.5)	3.85	(2.66)
Equity & Gen	Dec	405	(658)	1.1	(2.0)	0.9	(0.9)
ERF	Mar	1,270	(444)L	15.9	(—)	—	(—)
Fairbriar	Mar	3,320	(2,170)	11.6	(7.1)	3.0	(—)
First Secs	Apr	1,370	(787)	11.0	(—)	3.5	(—)
FKB Group	Mar	1,440	(899)	9.45	(5.6)	2.5	(—)
Fuller Smith	Mar	5,010	(3,770)	40.8	(27.3)	8.2	(6.6)
Greycoat Group	Mar	4,570	(3,957)	9.5	(8.5)	2.2	(1.75)
Halma Group	Mar	5,280	(3,890)	8.6	(6.7)	1.7	(1.41)
Hambros	Mar	43,400	(27,300)	25.9	(16.2)	7.3	(6.5)
Hargreaves Gp	Mar	7,000	(7,100)	16.1	(9.8)	5.5	(4.5)
Health Care Serv	Mar	505	(101)	2.5	(0.8)	0.75	(—)
Hicking Pent	Mar	16	(308)L	0.8	(—)	—	(—)
Illingworth Morris	Mar	6,180	(4,140)	11.2	(9.6)	3.5	(0.91)
IC Gas	Mar	89,570	(80,050)	38.5	(32.4)	16.75	(14.5)
Jarvis Porter	Feb	2,530	(2,300)	8.9	(7.5)	2.0	(—)
Kewill Systems	Mar	626	(504)	—	(—)	1.2	(—)
Latham, James	Mar	1,910	(1,659)	49.0	(47.9)	14.25	(13.25)
Lees, John J.	Mar	230	(119)	8.1	(7.5)	2.0	(1.45)
London Int	Mar	4,790	(4,280)	3.3	(2.9)	1.3	(1.16)
Mansfield Brew	Mar	6,970	(7,820)	27.9	(29.0)	8.5	(8.25)
MK Electric	Mar	17,700	(18,100)	27.4	(30.3)	10.8	(10.2)
Moorgate Merc	Mar	1,040	(531)	2.6	(2.6)	1.6	(1.45)
Ocean Wilsons	Dec	4,890	(4,719)	8.5	(8.0)	3.75	(2.95)
Oliver Res	Oct	163L	(217)L	—	(—)	—	(—)
Racal Elect	Mar	90,210	(132,310)	—	(—)	3.03	(3.03)
Renold	Mar	7,600	(4,800)	8.0	(6.7)	2.0	(—)
Rothmans Intl	Mar	93,900	(121,900)	10.7	(17.0)	6.7	(6.4)
Rowe Evans Inv	Dec	2,000	(3,890)	3.5	(6.1)	1.5	(2.25)
Ruddle, G.	Mar	1,050	(1,030)	13.2	(15.5)	4.6	(4.0)
Samuelson Group	Mar	6,540	(3,550)	17.5	(13.2)	2.4	(1.8)
Scantronic	Mar	992	(700)	5.7	(4.4)	1.65	(1.27)
Stonehill Hldgs	Apr	38	(1,040)	—	(—)	6.0	(6.0)
Stylone	Mar	502	(1,360)	14.5	(28.1)	10.0	(10.0)
Tilling, T.	Dec	107,000	(128,000)	—	(—)	—	(—)
Volex	Mar	5,110	(4,130)	33.8	(34.1)	9.0	(7.5)
Walker and Staff	Mar	314	(120)	—	(—)	2.0	(1.7)
Wettman	Mar	674	(1,940)L	4.0	(—)	—	(—)
Whitecroft	Mar	7,260	(7,460)	—	(—)	8.4	(7.7)
Wight Collins	Mar	2,160	(1,480)	20.6	(11.7)	4.25	(3.75)
Wintrust	Mar	3,350	(2,640)	20.5	(16.6)	5.4	(4.8)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Adam Leisure	Mar	825L	(494)L	—	(—)
Barr, AG	Apr	1,600	(1,540)	2.5	(2.3)
Baynes, Charles	Mar	757L	(54)	0.3	(0.65)
Burns-Anderson	Mar	664	(369)	1.35	(1.25)
Chemring	Mar	1,280	(753)	6.0	(5.0)
Clyde Blowers	Feb	71	(55)	0.83	(0.75)
Crest Nich	Apr	2,610	(2,407)	1.75	(1.5)
Crown Intl	Mar	228	(202)	1.15	(1.05)
Eldridge Pope	Mar	1,430	(939)	3.25	(2.4)
Electronic Data	Mar	419	(310)	0.6	(0.5)
Grainger Trust	Mar	1,070	(842)	1.8	(1.5)
Greenwich Cable	Feb	101L	(230)L	—	(—)
Habit Precision	Mar	485	(305)	0.7	(0.6)
Hardys & Hanson	Apr	1,690	(1,460)	5.6	(5.6)
KLP	Mar	646	(429)	1.55	(1.1)
LPA Industries	Mar	413	(406)	1.4	(1.17)
Marcean Hldgs	Mar	1,710	(1,310)	1.5	(1.3)
Nash Industries	Mar	56	(187)L	0.5	(—)
Newman Tonks	Mar	3,390	(2,710)	3.0	(1.65)
Speyhawk	Mar	2,110	(1,300)	2.52	(2.52)
Spice	Mar	351	(294)	0.26	(—)
Stainless Metal	Feb	445	(188)	2.0	(2.0)
St Modwen Prop	Mar	182	(66)	2.0	(—)
Watson & Philip	Apr	578	(452)	2.0	(1.7)

(Figures in parentheses are for the corresponding period.)

* Dividends are shown net pence per share, except where otherwise indicated. L Loss.

SCRIP ISSUES

Cable and Wireless—One for one.
Fuller Smith and Turner—One for one.
Ocean Wilsons (Holdings)—One for one.

RIGHTS ISSUES

Dataserv—To raise £8.6m through a one for four rights issue at 145p.
Ibstock Johnsen—To raise £23m through a one for four rights issue at 148p.
Meadow Farm Produce—To raise £11.2m through a two for five rights issue at 200p.

July 4 fireworks come early

NEW York is getting ready for its biggest-ever street party to celebrate the Statue of Liberty's 100th birthday next week and, if history is any guide, Wall Street will probably join in the festivities.

The stock market often stages a rally around the time of the July Independence Day holiday and this week has seen the market flirt with fresh peaks. Last week's "triple witching hour" came and went and, true to form, the Dow put on one of its unnatural performances, jumping by around 12 points in the last minute of trading on Friday as the brokers scrambled to execute huge "market at close" orders from big programme traders.

Given all the publicity about the horrors of the "witching hour," many investors appeared to have withdrawn to the sidelines. This week saw them return. Volume picked up appreciably and, by Wednesday, over 160m shares were traded on the NYSE and the broader-based stock market indices began to hit new peaks. The Standard and Poor's 500 index, for example, which had started the year at 211.28, hit a new high of 248.93, and the NYSE Composite index closed at 142.74, giving a 16½ per cent rise since the start of the year.

Wall Street

In the run-up to next week's July 4 celebrations, there have been plenty of fireworks both inside and outside Wall Street. Late last week, the US Government decided to block two mega-mergers in the soft drinks business—Pepsico's $380m bid for Seven-up and Coca-Cola's $470m bid for Dr Pepper. The bids would have given the two companies a whopping 80 per cent of the market: but despite the Administration's relaxed views about mergers, this was too much to swallow, it seems.

Nevertheless, the rejection did not damage the two companies' share prices. Coca-Cola shares, which have risen almost three times as fast as the market this year, hit a fresh peak of $122⅛ on Thursday. Meanwhile, Pepsico shares hovered close to the $35 level, almost double the year's low-point of $18⅜.

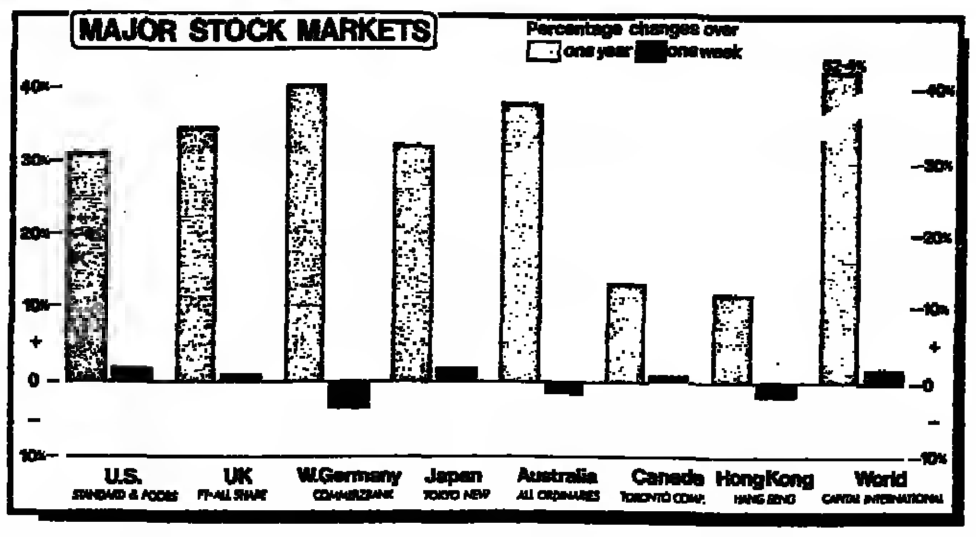
The pace of takeover activity has begun to accelerate and this week saw May Department Stores, number three in the industry, start a $2.7bn hostile bid for Associated Dry Goods, which owns Lord and Taylor and other fashionable stores. By Thursday evening, Associated's shares were standing at a premium of around $5 to the $60 a share offer.

ITT shares, which had started the week under $45, jumped by over $7 a share following news that it is close to folding its $4.6bn a year telecommunications equipment business, the cornerstone of its operations, into a European joint venture led by Compagnie Generale d'Electricite of France. A year ago, it shares were trading at $32.

Tenneco, another former high-flying conglomerate, announced this week that it was selling its insurance operations for $1.5bn, but this deal did not have the same sort of impact on its share price as ITT's European venture. Tenneco shares are trading around the $40 mark, which is about where they started the year.

Tenneco shareholders are paying the price of the group's heavy dependence on oil and gas, and here there was plenty of bad news this week. Whereas many oil company executives had been predicting that oil prices would soon top the $20 a barrel mark, it is looking as if they were over-optimistic. A senior economist at Chevron, the number three in the industry, said this week that the price would probably average less then $15 a barrel this year.

This more bearish outlook on



energy prices is already raising the pain threshold in the oil patch. On Tuesday, Nelson Bunker Hunt, the wealthy Texan who once remarked that "people who know how much they are worth generally aren't worth much," launched a $3.5bn lawsuit against the family's bankers claiming that they were out to destroy the wealthy Dallas dynasty.

Meanwhile, Interfirst, one of the family's main bankers, announced that it expected to lose up to $285m in its second quarter because of the need to set aside yet more money for problem loans.

While many traders have been busy keeping track of the various "fireworks" in the market this week, the longer term investors have been looking at their portfolios and reviewing their performance at mid-year. Although Wall Street is nudging new peaks, investors have had a very mixed record.

The number one problem for many has been IBM, the market bellwether. It started the year a shade above $155 and this week it has been trading around $146 despite the fact that the Dow Jones Industrial Average is up by over a fifth so far this year.

Ulric Weil an expert IBM watcher, is not surprised by the performance of "Big Blue" and is not recommending the stock. Last autumn, like many analysts, he had been expecting that IBM would boost its 1986 earnings to $12.50 a share. But as the year has progressed IBM has become more and more gloomy about the outlook and Weil is now predicting that the company will report lower earnings for a second year running with earnings per share of $10.50 compared with 1985's $10.67.

He still expects that the company will earn between $11.7 and $12 in 1987, but is not recommending the stock to his clients.

Meanwhile, it is now trading on an historic multiple of 13.5 times earnings, which compares with a multiple of 17 for the market as a whole. Analysts say this is the first time in 40 years that the stock market giant has traded on a multiple below the market.

MONDAY	1864.26	−	15.2
TUESDAY	1875.55	+	11.2
WED'DAY	1885.05	+	9.5
THURSDAY	1880.20	−	4.8

William Hall

Futures that are second to none

CHICAGO'S Midwest Stock Exchange suffers from a prime case of the second city syndrome. So long is the shadow cast by Wall Street that few outside the Windy City itself realise that it is the third largest stock exchange in the world (behind New York and Tokyo), based on the dollar value of shares traded.

This reached an impressive $76.6bn in 1985 — up 210 per cent from 1981. But Midwest's share volume, at just over 2.35bn, remains distinctly small beer in comparison with the New York Stock Exchange, which handled more than 27.5bn shares over the same period.

Despite the lack of limelight, progress has been most satisfactory since the Midwest moved to its slick new premises at the south end of the Loop (Chicago's Square Mile) in April 1985. So far this year, average daily share volume has been running around the 10.9m mark, well ahead of last year's 9.7m share level. On March 3, a new single-day volume record of 18.7m was set.

The exchange relies on a low fee schedule and state-of-the-art technology to attract investors from Wall Street and elsewhere. Officials claim that the MAX automated execution system guarantees customers the best prices nationwide and that the average speed of execution compares favourably with the competition.

Certainly, the Midwest's clearing and settlement system is regarded highly within the industry, forming the model for those used at a number of other exchanges. This has stood the exchange in good stead in its thrust into markets outside the United States.

Earlier this month, an international trading link was established with Canada's Toronto Stock Exchange to complement

Chicago

the tie already in place with Vancouver. The arrangement enables member brokerage firms on both exchanges to trade in dually listed stocks. Expectations are that a clearing and settlement link with the London Stock Exchange could well be announced before the end of the summer and similar talks with other exchanges are believed to be in progress.

In contrast to stocks, Chicago is the undisputed world leader in futures and options trading. Despite the growing internationalisation of the sector, the city boasts something like 85 per cent of all US business and 77 per cent of such trading worldwide.

Two of Chicago's three major futures and options exchanges were in the news last week because of their role in the so-called "triple witching hour" on June 20. This quarterly phenomenon, triggered by the simultaneous expiration of stock index futures, index options and individual stock options, prompted frenetic trading on the floors of the Chicago Mercantile Exchange (CME) and the Chicago Board Options Exchange (CBOE) as professional investors closed out their positions. Their intention in doing so was to make money by arbitraging price discrepancies between the stock index products and the underlying shares.

Actually, the witching hour, while garnering the headlines, has played a relatively minor role in the buoyant first half enjoyed by the major exchanges. First-quarter CBOE volume climbed 27.4 per cent from year-ago levels to 47.4m contracts, a jump attributed by the chairman and chief executive officer, Walter E. Auch, to uncertainty in the minds of investors wanting to protect portfolio gains. "Our record volume indicates that investors are turning more and more to options for this kind of protection," he added.

January to May, CME volume rose 25 per cent from a year ago to 29m contracts, with currency futures and options particularly buoyant. Meanwhile, volume on the Chicago Board of Trade (CBOT) the world's largest futures exchange, shot up by 43.8 per cent over the same period, to 46.2m contracts, with continued growth in US T-bond futures primarily responsible. Indeed, such is the congestion in the world's busiest futures pit that the exchange has been obliged to look into ways of reducing the crush caused by the 450 bodies to be found there on a typical day.

With ever more players entering the financial futures fray as a means of hedging or speculating on fluctuations in stock, currency and interest rates markets, it is easy to overlook the agricultural contracts where both the CME's and the CBOT's origins lie. As recently as 1976, some 86 per cent of contracts traded on the two exchanges were agricultural. By 1985, this figure had shrunk to nearer 24 per cent.

While volume on a few agricultural contracts, particularly options and the CME's live cattle futures, has been relatively buoyant during the first half, this decline in overall market share *vis-a-vis* financials is set to continue. But with stock and bond markets alike apparently pausing for breath in recent weeks, analysts forsee some slowing of spectacular exchange growth rates in the immediate future.

David Owen

Investors switch attention to US

ONE THING about the mining business is that it is not slow to react to changing fashions in investment. When, for example, platinum prices started to climb on the recognition that politically troubled South Africa produces nearly all the world's supplies of the precious metal, along came share promotions of new small exploration companies, all with highly promising platinum prospects in other countries.

The same thing continues to happen with gold. Whether many of the small fry holding "promising" gold prospects in Australia and elsewhere will succeed in opening up quality mines, let alone repaying the shareholders' capital by way of dividends, is — not to put too fine a point on it — a matter of some conjecture.

Still, some of the world's great mines grew out of the efforts of small operators seeking a grubstake. To be on the safer side, investors looking for opportunities in the non-South African gold producers have turned to the more established North American and Australian issues.

Inevitably, this pushed share prices up to unrealistic levels in many cases. But as Ian Wright of London stockbroker Laing and Cruickshank, points out in the firm's latest quarterly review, share prices of the non-African golds have eased in the past six months, and for security and gearing the purchase of quality stocks can be recommended.

The one he particularly likes is Newmont Mining, which ranks as the second largest gold producer in the US after Homestake Mining and has other important natural resources assets as well. London's Consolidated Gold Fields holds some 26 per cent of the company.

This week, Newmont announced that its proposed offer-

Mining

ing of 5m shares in its Newmont Gold subsidiary is to be made at a lower-than-expected price of $9.50 (about 622p a share. The offer will still leave the parent company with at least 94.5 per cent of Newmont Gold, which was formerly known as Carlin Gold Mining.

The big Carlin open-pit gold operations in Nevada are expected to turn out more than 400,000 oz of gold this year. The parent, Newmont Mining, also owns 70 per cent of the big Telfer mine in Western Australia, which produced 143,275 oz of gold last year. Significantly, perhaps, Newmont Mining is putting all its exploration efforts into gold.

Another interesting float (although not in the same class) announced this week has the unusual make-up of a Canadian company holding US gold interests and backed by Australians.

It is Colosseum Gold Mines, in which the Australian companies Grants Patch Mining and Regent Mining will have a joint interest of 36.2 per cent after the proposed private placement of 6m shares in Colosseum at a price of C$7 (about 330p) per share.

The newcomer will have a 75 per cent stake in the open-pit Colosseum gold mine in California, which is expected to produce 70,000 to 77,000 oz of gold a year starting in 1987. The company also has options of 50 per cent on the smaller, but higher grade, London gold mine in Colorado and 27.95 per cent of the Greens Creek gold-silver-lead-zinc project in Alaska.

Meanwhile, back in London, shareholders of the less-than-prosperous Hampton Gold Mining Areas natural resource group are facing a decision. Wednesday is the closing date for the offer of 150p cash for their shares from the Metals Exploration group, controlled by Australian Alan Bond, which already claims to hold 30 per cent of them.

The Hampton Areas board advises rejection of the bid, pointing out among other things that the company's assets are worth 205p per share. However, unless another bidder emerges at this late hour, a more important consideration is whether Hampton Areas' slowly recovering UK earnings would support a share price of 150p.

There could be some doubt on this score but, as the company has been at some pains to point out, its 75 per cent owned Hampton Australia gold subsidiary is full of promise. It is believed to be the jewel that Bond seeks. Perhaps the choice facing Hampton Areas' shareholders is whether to sell their shares in the market and reinvest in Hampton Australia, or wait and take the Metals Exploration cash.

● The completed feasibility study of the Pine Tree gold project, near Mariposa in California, of Goldenbell Resources is expected later this year. Financing negotiations have started for the $50m-$60m needed to bring the mine to production. Potential output is reckoned to be over 100,000 oz of gold a year and some production could be seen by early 1988.

Lac Minerals has arranged a C$140m credit facility with the Royal Bank of Canada in order to supplement existing working capital and provide funds for general corporate purposes. The credit includes a three-year gold loan.

Kenneth Marston

The Strawberry Mets

New York's reborn Mets are a team of all talents. Michael Thompson-Noel believes they owe much to one Californian

DARRYL STRAWBERRY, one of a clutch of top stars to whom the New York Mets owe their best-ever start to a baseball season, was always tipped for greatness. Six years ago, when he was a lanky 18-year-old, Strawberry was appraised by veteran scout Hugh Alexander in terms that spoke of immense potential.

"I've only ever seen a few ball players who could walk onto a major league diamond and beat you five different ways," says Alexander, whose "lonesome goddam life" as a baseball scout spans more than 40 seasons. The players who inspired this five-way admiration were "Joe DiMaggio, Willie Mays, Roberto Clemente, Mickey Mantle before he got hurt . . . They could beat you with the consistent base hit, with power, with fielding, with the great arm, and with foot-speed."

It was into this exalted category that Strawberry was projected. In a scouting report, Alexander enthused about the young Californian prospect with these words: "A complete player. Arm-speed, field, hit *and power. Great body. Will get* better in every department. Just might be that superstar of the very near future. Can do it all . . . No weaknesses."

Other voices soon chimed in. Mets' general manager Frank Cashen described Strawberry as "the most hellacious prospect I've ever seen" while hitting instructor Bill Robinson ventured that "some day he'll hit a ball as far as any man alive." In the view of Mets' pitching ace Dwight Gooden, Strawberry's best friend: "He has the chance to put up the best offensive numbers ever."

Strawberry has not yet realised his fullest potential, although there have been clear signs both last season and this, that he is approaching his inheritance.

Overall, the Mets finished second in the National League East *for the second year in a* row last season, with the second best win total (98) in club history. As a result, the Mets' 1985 paid attendance of 2.75m at Shea Stadium shattered the club record and set a new mark for New York City major league baseball.

However, all of that pales swiftly when set against the Mets' sizzling performance so far this season. At the start of *this month the Mets had the* best record in baseball (31-13) and a six-game lead over the Montreal Expos. At the start of this week the lead stood at *10*.

All of which is in mind-numbing contrast to the Mets of old. Loved, they may have been; successful, they were not. In *Bats*, a manager's-eye view of the Mets' 1985 season written with co-author Peter Golenbock (Putnam, $16.95), the irrepressible, antacid-popping Davey Johnson says the Mets "were in absolute shambles when I took over as their manager in October 1983."

For a decade, the Mets would win 60 games and lose 100. They had been losing for so many years that they took it for granted. They'd play, shrug their shoulders, and take a shower. It was just a paycheck.

"Fortunately for me, at the end of 1983 general manager Frank Cashen decided to make a change. Frank had been hiring paternal, older managers. Every player's dad. Cashen decided to go to a younger manager. He decided he wanted someone decisive and outspoken, someone who wasn't afraid to make a decision, who wasn't afraid to gamble. I know in my own mind that I was the man for the job."

Which is telling 'em.

Whatever the state of his ego, there is not the slightest doubt that Johnson has helped to forge a side so stuffed with talent that it is a joy to watch, and transforms a journey to Shea Stadium into one of the most rewarding pilgrimages in all of sport.

Apart from Strawberry, the Mets' line-up includes so many stars that Jim Leyland, manager of the Pittsburg Pirates, dubs them "truly outstanding." They include Gooden, 21, who in 1985 became the youngest modern-day pitcher to win 20 games; Ron Darling, the Yale-educated No 2 pitcher; catcher Gary Carter, one of the most popular players in the game, although not necessarily among his peers who describe him as a "rah rah"; infielders Keith Hernandez and Kevin Mitchell; and outfielders Mookie Wilson and George Foster, the latter of whom entered the 1986 season with 334 career home runs, which put him 40th on the all-time list.

Davey Johnson doesn't pull punches when discussing his own players. Darling, he has said, is "a thorn in my side. You have to understand that *he's a Yale guy*, very intelligent, but for a person that smart he doesn't take the time to analyse his own stuff." Gooden, in contrast, "doesn't need an awful lot of coaching. He's one in a million. He is very well adjusted. He has fine parents. I can tell he had a very good upbringing."

Al Harazin, the Mets' senior vice-president, who is now second-in-command to Cashen in all areas of the Mets' operations and who negotiates all player contracts and handles most of the marketing, says the club's sparkling 1986 season will undoubtedly show a profit. The Mets' are owned by Doubleday Sports, which bought the franchise for $21m in 1980. Publisher Nelson Doubleday is chairman of the Mets.

Harazin says that ticket sales, hot dogs, programmes, etc, yield about two-thirds of Mets' revenue; broadcasting and scoreboard advertising provides the rest. "If you play well, gate *sales are very good. Last year* 2.75m people actually bought tickets. This year I'd like to *see* us draw 3m, but we'd need terrific weather to do that. The payroll is our biggest single cost. In '86 our 24-man payroll —it depends how you count— will be about $13m, plus bonuses and pensions."

Of the stars, Foster is paid the most. He is on a base salary of $1.8m but is in the final year of a five-year contract and is likely to move on.

The sport's overlord is Base*ball Commissioner Peter* Ueberroth, the man who organised the Los Angeles Olympics. Ueberroth has made eliminating drugs a top priority.

Ueberroth is confident he has the problem licked. "In the short and long term," he has said, "we will be successful. Successful, *period*. The only important thing is that we become the first sport to put this problem *behind* us." He is equally determined to repair baseball's financial structure. "Twenty-one out of 26 teams lose an important amount of money every year, no matter *what* method of accounting you went to use. When one team's revenues are $9m and another's are $50m and they have to compete against each other, it's not balanced."

Ueberroth's strictures about "balance" would get the approval of the Pittsburg Pirates. Earlier this month *I watched the Mets edge* the Pirates 6-5, Strawberry making the decisive hit in the bottom of the ninth inning, a line drive to right field off left-hander *Pat Clements*, to send Mookie Wilson streaking home for victory. It was the Mets' eighth win against the Pirates in nine meetings.

Two nights previously, at Shea, I had watched the Mets drub the Philadelphia Phillies 5—3. Like most baseball games, it was a cheerful family affair. Under a thundery sky, we stuffed ourselves with hot dogs and sodas. Halfway through, we all stood up and sang *Take Me Out To the Ball Park*. When a seven-year-old Mets' fan next *to me started filling in the* "wrong" player polling card, his father leaned forward and shouted: "That's an *American* League card, for chrissakes. What are you, Tommy, some kinda communist?"

Strawberry had a quiet night although his class was unmistakable.

Last season, despite missing seven weeks with an injured thumb, Strawberry finished sixth in the National League with 29 home runs, a career-high *.277* batting average, a .557 slugging percentage *(the* best ever for a Mets regular), and 79 RBIs (runs-batted-in).

Yet the pressures on him are considerable. "People are talking about hitting .300, 50 home runs, 125 to 130 RBIs with 50 stolen bases," he says, ticking off statistics that would translate, in soccer terms, into approximately the equivalent of 12 World Cup goals.

Strawberry's troubles seem behind him. As part of a dazzling Mets' line-up, he has a chance to leave his mark on *baseball history*—watched and cajoled, of course, by one of the great sporting managers, a man who has coined the most poetic of rallying cries.

"My philosophy," says Johnson, "is K.I.S.S. Keep it simple, stupid."

Mets' pitching ace Dwight Gooden. He is "one in a million," says his manager.

What Belmont taught buyers

IN THREE weeks time, racehorse buyers at the Keeneland Selected Yearling Sales in Lexington, Kentucky, will fill their lungs with the aroma of cigar smoke and money and hurl at one another bids barnacled in noughts.

What the buyers will be looking for is a horse to lift the spirit—like Danzig Connection, a neat bay colt that powered through the mist and rain and squelching slop of New York's Belmont racetrack on June 7 to win the 118th running of the Belmont Stakes over a mile-and-a-half, at the third leg of the American Triple Crown.

My own experience at Belmont was utterly conventional, for I enjoy a time-honoured relationship with bookies and the Tote. I hand them rather grand sums of money and they give me small sums back, in return for which I am permitted to joke and whinge about the futility of life and the way the odds are stacked.

One trainer's advice for the big race: "A good year to take a chance with not the best horse."

So it was at Belmont. Armed with a racecard and the glazed look of an alien, I interviewed a variety of racegoers, many in funny hats and wearing violently striped sportswear, on the strength of whose advice—"Are you crazy?? Are you mad?? Of course the track is sloppy!!"—I invested significant sums on Ferdinand, the Kentucky Derby winner, who is a chestnut son of Nijinsky, and on Mogambo, another chestnut, by Mr Prospector.

They finished third and sixth, the race proving a waltz for Danzig Connection, who paid $18 for $2 to win in a field of ten, and whose winner's purse of $338,640 raised his earnings from 12 starts to $592,200.

Not that the Belmont provided much of a clue to the outcome of this season's championship struggle among the three-year-olds. Because of the slop caused by the rain, the result was indecisive.

Yet the Belmont result was not without interest. First, it cast illumination on the way large lumps of money can be lost or made, for Henryk deKwiatkowski, who bred and owns Danzig Connection, also raced the colt's sire, Danzig, a son of the great Northern Dancer. When Danzig was syndicated as a stallion in 1980, his owner was unable to sell seven shares. But Danzig has since sired more than a dozen stakes winners, so that shares that went unsold at $70,000 each can now be worth up to $3m.

Second, the Belmont proved yet another sentimental journey for one of the grand old men of American racing, trainer Woody Stephens, 72, whose fifth consecutive win in the Belmont this was, following Creme Fraiche last year, Swale in 1984, Caveat in 1983 and Conquistador Cielo in 1982.

Before this year's race, Stephens advanced the subtle view that "it's a good year to take a chance with not the best horse." On the strength of that view, Stephens is presumably not not the best trainer, for in the past five years he had won the Belmont for four different owners and with three different jockeys, three times from on or near the lead, twice from far behind, and only once with the favourite. Each of his five winners was trained in a different way.

Although he had only three warm-up races, Danzig Connection won the Belmont in style, providing, incidentally, a triumph for Stephens over two fellow septuagenarians: Walter Kelley, 79, trainer of John's Treasure, and Charlie Whittingham, 73, trainer of Ferdinand. Whittingham is king of West Coast racing, just as Stephens is king in the East.

Stephens concedes that some day he'll retire — decide that he's risen at 5.15 on too many mornings, and that it is time to tell his owners to start lining up someone else to train their horses.

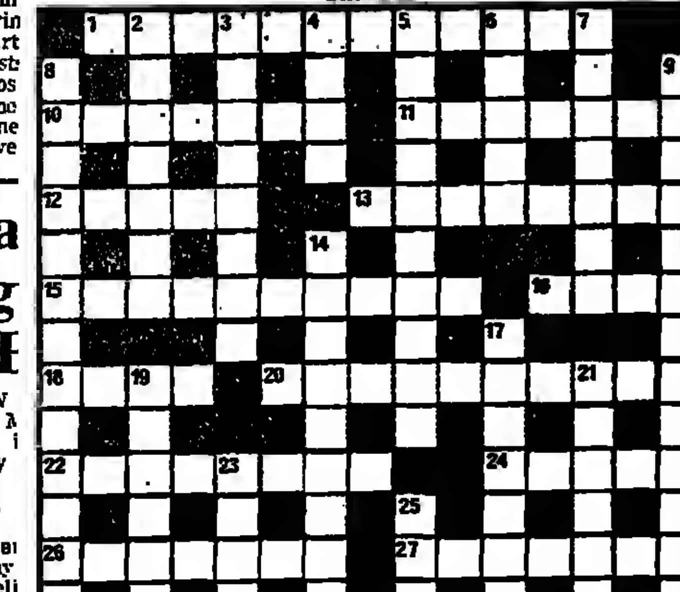
But he didn't do it last year, and he won't do it this year — mainly because of the "babies" he wants to train.

"We've got five Conquistadors, a Danzig, some Alydars, a Mr Prospector," he says of the colts coming along — a bit like saying he's got some Renoirs and Monets in the dining room, with some Gauguins coming along. "I haven't done much with them yet. It's too early. I really haven't thought about them yet." As they say in New York: not half he hasn't.

Michael Thompson-Noel

FT CROSSWORD PUZZLE No 6,059

DINMUTZ



Prizes of £10 each for the first five correct solutions opened. Solutions, to be received by next Thursday, marked Crossword on the envelope, to The Financial Times, 10 Cannon Street, London EC4P 4BY. Solution next Saturday.

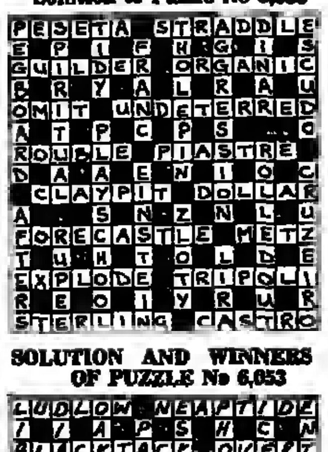
ACROSS

1 Marsh-hen wipe-out State (3, 9)
10 Rogers's mount controlled with one finger? (7)
11 Redbug makes Reggie go back endlessly to church (7)
12 One in North Carolina to retire as tobacco-exporter (5)
13 Principal way to inject a drug (8)
15 Smoker's requisite makes Georgia more fragile (3-7)
16 Circular letters include greeting for state (4)
18 Lincoln, say, common on 14? (4)
20 Rabbit in sea-island extremity (10)
22 "What thou lov'st well is thy ——" (Ezra Pound) (8)
24 No star of screen but someone better than usual (5)
26 Garland theme included this iris (7)
27 Antiquated newspaper found in the frontier-station (7)
28 Ehrich Weiss excited bury in Idaho (3, 7)

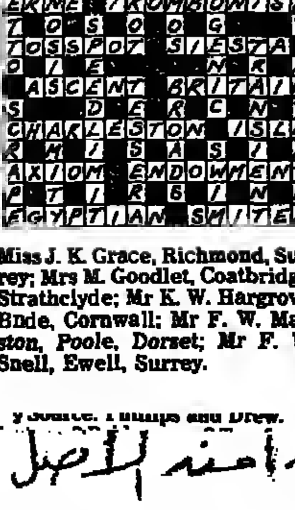
DOWN

2 Shows Congressional leader envies wildly (7)
3 Move off—up—in a hurry? (8)
4 State giving up territory for a woman (4)
5 Californian flower for marriage, perhaps, with love (10)
6 Revolutionary character from Phoenix, I once produced (5)
7 Language of side on the ball? (7)
8 Here, part-songs arranged for secretarial sorts (1)
9 Settled parley-site for the old anti-slavery group (4, 4, 5)
14 Route up to, and including, west —— always (10)
17 Wearing waistcoat, Edward bought shares on Wall Street (8)
19 Spot where trains go off the rails at Hammond Head (7)
21 Military band instrument requiring right-hand tonal adjustment —— (7)
23 —— sweet potato Sousaphone we hear (5)
25 Vagrant's fireside ring (4)

Solution to Puzzle No 6,058



SOLUTION AND WINNERS OF PUZZLE No 6,053



Miss J. K. Grace, Richmond, Surrey; Mrs M. Goodlet, Coatbridge, Strathclyde; Mr K. W. Hargrove, Bude, Cornwall; Mr F. W. Marsdon, Poole, Dorset; Mr F. W. Snell, Ewell, Surrey.

TELEVISION AND RADIO

SATURDAY

† Indicates programme in black and white

BBC 1

8.30 am The Saturday Picture Show. 10.55 Film, "Blackbeard the Pirate" starring Robert Newton, Linda Darnell and William Bendix. 12.30 pm Grandstand [illegible]

[illegible]

SUNDAY

† Indicates programme in black and white

Ballet Rambert's Mark Baldwin, Bruce Michelson and Christopher Carney in "Death and the Maiden" (BBC 2, Sunday).

[illegible]

Solution to Chess No 6?? 1 RxN! PxR; 2 R-N7, Q-B1 (other queen moves allow 3 P-B7); 3 QxN! RxQ; 4 P-B7, QxR (else 5 R-N8 mate); 5 P-B8=Q mate.

ONE OF London's first Edwardian houses—8 Addison Road, W.14—will be the venue today for a Contemporary Art Fair organised by the Richmond Fellowship. 11 ... 6 pm.